PLANNING FOR THE FUTURE

Findings from Research on the Commonwealth's Current and Coming Retirees

By
Michal Smith-Mello
and
Amy L. Watts

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LONG-TERM POLICY RESEARCH CENTER

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LONG-TERM POLICY RESEARCH CENTER

The Kentucky Long-Term Policy Research Center is governed by a 21-member board of directors, including four appointees from the executive branch, six from the legislative branch, and eleven at-large members representing organizations, universities, local governments, and the private sector. From the at-large component of the board, six members are appointed by the Governor and five by the Legislative Research Commission. In accordance with its authorizing legislation, the Center is attached to the legislative branch of Kentucky state government.

Preface

Part of the Kentucky Long-Term Policy Research Center's mission, as outlined in its founding legislation, is to serve as a catalyst for change in the way government decisions are made by providing insight into the broader context. To do so, the Center was charged with responsibility for considering the long-term implications of policy, critical trends, and emerging issues that may have a significant impact on the state. What follows is largely an analysis of findings from a 2000 survey developed jointly with the University of Kentucky (UK) Sanders-Brown Center on Aging and conducted by the UK Survey Research Center. It is complemented by more recent survey findings. Together, they offer critical insight into the implications of Kentucky's aging population. While many of the findings here have been presented in other forms and venues, we make them broadly available to policymakers and the public with this report. It should be of interest to all who understand and recognize the importance of anticipating the future and the growing population of older citizens who will be central to it.

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LONG-TERM POLICY RESEARCH CENTER

The Kentucky Long-Term Policy Research Center was created by the General Assembly in 1992 to bring a broader context to the decisionmaking process. The Center's mission is to illuminate the long-range implications of current policies, emerging issues, and trends influencing the Commonwealth's future. The Center has a responsibility to identify and study issues of long-term significance to the Commonwealth and to serve as a mechanism for coordinating resources and groups to focus on long-term planning.

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Table of Contents

Preface v
Figures ix
Tables xi
Summary xiii
Acknowledgments xix

Future Implications of the Era of Aging
- Demographic Change, Fiscal Uncertainty 2
- 21st Century Retirement 3
- Kentucky's Aging Population 4
- Who Responded to the Survey? 5

Retirement Planning and Financial Security
- Age at Retirement 8
- Planning for Retirement 9
- Reasons for Retiring Early 10
- Retirement Income 11
- Standard of Living in Retirement 12
- Social Security Reliance and Standards of Living 13
- Saving for Retirement 14
- How Much Have Respondents Saved? 15
- Work and Retirement 16
- Major Reasons for Working in Retirement 17

The Fourth Pillar: Meeting the Cost of Health Care
- Sources of Health Care Coverage in Retirement 20
- Most Important Source of Health Care in Retirement 21
- Long-Term Care Insurance 22
- Monthly Medical Expenses of Current Retirees 23
- Annual Medical Expenses by Income 24
- Affordability of Medical Needs in Retirement 25
- Confidence About Medicare Benefits 26
- Confidence About Health Care Affordability 27

The Fruits of Retirement: Health and Well-Being
- General Health Status 30
- Health Status by Importance of Medicare 31
- Smoking 32
- Obesity and Body Mass Index 33
- Lifestyle Changes and Health 34
- Physical Activity and Health 35
- Physical Functioning 36
- Leading Causes of Death 37
- Mental Health 38
- Health and Social Activities 39

Expectations of Government Among Aging Kentuckians
How Important Is Government Support? 42
Government's Role in Health Care 43
Government's Role in Long-Term Care 44
Responsibility for Frail Elders 45
Financial Need and Public Services for the Elderly.... 46
Opinions on Financial Need, by Income Levels 47

Other Factors Affecting Quality of Life
Driving and Mobility 50
End-of-Life Issues 51
Awareness of Available Elder-Care Services 52
Satisfaction with Elder-Care Services 53
Volunteer Activity 54
Meeting Needs through Volunteerism 55
Access to Computers 56
Use of Internet and E-Mail 57

Resources.... 59

Appendix A

Survey Instrument 64

Appendix B

Kentucky Retirement Survey: Background Information and Sample Characteristics 83

Appendix C

Social Security Dependence and Standards of Living 85

Appendix D

Satisfaction with Elder-Care Services 89

Appendix E

Medicare Dependence and Health Status 95

Appendix F

Physical Functioning Models 97

Figures

Past and Projected US Elderly per 100 Workers, Aged 20 to 64, 1960-2040 2
Average Income of the Elderly, 2000 3
Kentucky Population, Aged 45 and Older, 1980-2000 4
Retirement Age, Expectations vs. Actual Experiences 8
Did you retire when you planned? 9
Why did you retire earlier than planned? 10
What source of retirement income is or will be most important? 11
Compared to the end of your working career, would you say your current standard of living is better, the same, or worse? 12
Compared to the end of your working career, would you say your current standard of living is better, the same, or worse? (by importance of Social Security income) 13
Did you or are you saving for retirement? 14
How much have current workers saved for retirement? 15
Have you worked or do you see yourself working for pay in retirement in either a full-time or part-time job? 16
Major Reasons for Working in Retirement 17
Most Important Source of Health Care in Retirement 21
Importance of Long-Term Care Insurance as a Source of Health Care, by Retirement Status 22
About how much of your own money do you (and your spouse or partner) spend a month on all your health care needs, including health insurance premiums, prescriptions, medical tests, doctor visits, etc.? 23
Can Current Retirees Afford Medical Needs? 25
The Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today. 26
You (and your spouse or partner) have or will have enough money to take care of your medical expenses in retirement. 27
Percent of Persons Who Reported Own Health as "Fair" or "Poor," KY and US, 2000 30
How would you describe your health in general? 31
Percentage of Smokers by Age Group, KY and US, 2000 32
Median Body Mass Index by Age Group, KY and US, 2000 33
Have you made any of the following lifestyle changes in the last 5 years to improve your health? 34
Percent of Persons Engaging in Physical Activity in Previous Month, KY and US, 2000 35
Estimated Likelihoods of Physical Limitations of KY Retirees Compared to Workers, by Age, 2000 36
Average Mental Health Scores, KY and US, by Age Cohort 38
How much of the time during the past month has your health limited your social activities? 39
When older people become frail and unable to care for themselves, who do you think should be mainly responsible for their care? 45
Percent of Persons Who Have Driven a Car in the Last Month, by Age, KY, 2000 50
Plans Kentuckians Have Made Regarding Their Medical Choices Should They Become Unable to Make These Choices Themselves 51

Probability Kentuckians Aged 18 and Older Expressed Satisfaction with Elder-Care Services, by Experience, 2002 53
Have you volunteered in the past year, and approximately how many hours did you volunteer in a typical month? 54
Meeting Needs through Volunteerism 55
Where do you use a computer? 56
Internet and E-mail Use in Past Year by Kentuckians Aged 45 and Older, 2000 57

Tables

Characteristics of Survey Respondents 5
Current and Anticipated Sources of Health Care in Retirement, KY, 2000 20
Estimated Medical Expenses for KY Retirees, by Income, 2000 24
Causes of Death, KY and US, 1999 (age-specific rates per 100,000 population) 37
How important is government support for ..?" 42
Attitudes about Government's Role in Health Care, by Retirement Status, KY, 2000 43
Attitudes about Government's Role in Long-Term Care, by Retirement Status, KY, 2000 44
"Financial need should be used to determine how much support older people receive from ..." 46
Percent of Respondents Who Express Strong Support for Using Financial Need to Determine Levels of Government Support for Older People, by Household Income 47
Levels of Familiarity with Available Elder-Care Services, KY, 2000 52

Appendices
Table B.1: Kentuckians, Aged 45 and Older, Sample Characteristics 83
Table C.1: Crosstabulation Between Standard of Living and Social Security Dependence 85
Table C.2: Estimating Standard of Living, Parameter Estimates 86
Table C.3: Correlation Matrix: Pearson Correlation Coefficients/Significance/Number of Observations 87
Table D.1: Sample Characteristics for the Fall 2001 Kentucky Survey 89
Table D.2: Crosstabulation Between Satisfaction with AVAILABILITY of Elder-Care Services and Occurrence of Use or Inquiry into These Services 90
Table D.3: Crosstabulation Between Satisfaction with AFFORDABILITY of Elder-Care Services and Occurrence of Use of Inquiry into These Services 91
Table D.4: Probit Model Parameter Estimates of the Likelihood an Individual Expresses Satisfaction with Elder-Care Services, by Availability and Affordability 93
Table E.1: Crosstabulation Between Health Status and Medicare Dependence 95
Table E.2: Estimating Health Status of Retirees, Parameter Estimates 96
Table F.1: Means of Demographic Characteristics for Workers and Retired Kentuckians and Parameter Estimates of the Likelihood of Limitations in Six Categories of Physical Functioning of Kentucky's Aging Population, 2000 99

Summary

Future Implications of the Era of Aging

A growing portion of the world's people, particularly those in developed countries, is reaching what we once thought of as old age, and most can expect to live longer than past generations. Here in Kentucky, the phenomenon known as the aging of the population is expected to be pronounced. Between 1990 and 2000, the highest rate of growth within any age group here and nationally was for those aged 45 to 54 years. This high rate of growth emerged from the aging of the post-World War II birth cohort known as the Baby Boom. Members of the largest generation in history, they are expected to begin retiring from the labor force around 2010 and depend at least partially on a trio of federal programs—Social Security, Medicare, and Medicaid. Expenditures by these programs, widely known as entitlements, comprise a substantial portion of the federal budget. Already, partially state-funded Medicaid programs are experiencing fiscal problems in the vast majority of states, as they absorb unanticipated, rapidly rising health care costs and the impact of increased longevity. While about 70 percent of Medicaid enrollees are families and children, a nearly equal percentage of program expenditures go to the care of the elderly. As our population ages, increased demands on these programs could strain budgets at every level.

Anticipating the almost certain fiscal as well as the myriad cultural, social, and physical changes that lie ahead is critically important for local, state, and federal policymakers. Faced with the difficult challenge of fashioning budgets that are adequate to meet today's enormously complex challenges, policymakers also must anticipate the simple and widely embraced mandate to care for society's elders, particularly those who are frail and cannot care for themselves.

Questions about our future abound, from the extent of the fiscal challenge that lies just ahead on the horizon to the ethics of end-of-life decisionmaking. How will we meet the cost of entitlements to the old? How prepared are aging Kentuckians to meet the cost of an extended retirement? How healthy are they? What do they expect from government services? Whom do they believe should bear the responsibility of caring for elders? Will a large retired population translate into higher levels of volunteer activity and a fuller participation in the life of our communities?

The following report discusses these and other issues related to the aging of Kentucky's population. It is based, in large part, on the findings of a 2000 survey of Kentuckians, aged 45 and older, that was developed jointly by the Kentucky Long-Term Policy Research Center and the University of Kentucky (UK) Sanders-Brown Center on Aging. Comparisons with U.S. data are based upon survey questions that were used with the permission of the Employee Benefit Research Institute (EBRI), which, in conjunction with Mathew Greenwald & Associates and the American Savings Education Council, conducts a national Retirement Confidence Survey annually. Our survey was conducted by the UK Survey Research Center. The 18-page mail questionnaire explored financial preparedness, health care provisions, health status, opinions about government programs, and other issues relevant to the aging of Kentucky's population. What emerges is a profile of the Commonwealth's current and coming retirees and the implications that this profile carries for the future of the state.

Financial Planning and Income Security

Planning is key to a prosperous retirement. Until recently, the U.S. trend had been one of increasingly early retirement ages and thus more prolonged dependency on entitlement programs, an unaffordable societal luxury in the eyes of some. For several years, however, the

average retirement age has remained unchanged. At the same time, much more is expected of current workers, many of whom will have to rely upon the fruits of their own investment strategies. Access to employer-sponsored pensions has declined steadily, and rapidly rising health care costs are having a similar effect on health care benefits that once provided for many throughout retirement. Out-of-pocket health care expenses are also cutting deeply into retirement income. For these and other reasons, planning for retirement has assumed new dimensions and become increasingly important. In addition to savings and Social Security, earned income and health insurance to close Medicare's gaps are regarded as central to retirement planning.

But no matter how well seniors plan, the unanticipated often occurs. Indeed, we find that 60 percent of Kentucky's current retirees retired earlier than they had planned while only a small percentage (6 percent) retired later than planned. As the EBRI has found nationally, health problems are most often the reason people retire earlier than planned. A higher percentage of Kentuckians than nationally, however, retired earlier than planned due to health problems, and, not surprisingly, few Kentucky seniors retired early because they could afford to do so. These findings reflect the generally poor health status of Kentuckians as well as disproportionately high poverty levels within the state.

Some evidence suggests that changing circumstances are already influencing choices. Census data show that a slightly larger percentage of seniors are now in the labor force. And while the extent of the impact remains unknown, recent stock market losses have undoubtedly forced more able retirees back to work and dramatically revised the retirement plans of current workers.

Because far fewer current workers have access to employer-sponsored, defined-benefit pension plans, only about a third of Kentucky's coming retirees expect such plans to be their most important source of retirement income, compared to 39 percent of current retirees. Instead, retirement income to supplement Social Security will be based largely on investments of their own design and on defined contributions to 401(k) plans, many of which have been depleted by recent stock market losses. About a quarter of coming retirees told us that a 401(k) plan at work or personal savings would be their most important source of income, compared with about 6 percent of current retirees.

While we find that nearly three quarters of Kentucky's current retirees say their standard of living in retirement is about the same as or better than before retirement, far fewer report a better standard of living than EBRI found at the national level. Further, those who rely most on Social Security are nearly twice as likely to say their standard of living is worse or much worse. These findings do not bode well, as the "oldest old," those aged 85 and older, are relying more and more heavily on Social Security, as savings and investments are depleted and, in some cases, employer pension plans have dissolved with corporate mergers and business failures.

We also find reason for optimism in that coming retirees are far more likely to report saving for retirement. However, that more than a third of current workers report having saved less than $10,000 suggests that present savings habits are not adequate to the challenge of replacing earned income. It is perhaps for this reason that more than two thirds of current workers report that they plan to work in retirement "to make ends meet."

Thus, the improved circumstances that the bountiful 1990s yielded for Kentucky's elders may prove to be yet another demographic anomaly, an isolated period of prosperity that could not be sustained. Indeed, tomorrow's retirees may need significant financial assistance, and that has profound implications for public budgets at every level.

The Fourth Pillar: Meeting the Cost of Health Care

The public debate about the cost and availability of health care to seniors has revealed a significant inadequacy in the Medicare Program: the omission of prescription drug coverage. A minor cost for most at the time Medicare legislation was enacted, prescription drugs have

become more costly and central to health care delivery. Thus, health insurance to close Medicare's gaps is now a key component of retirement planning. At present, only the poorest among elders in Kentucky have access to publicly financed prescription drug coverage through Medicaid. As employer-provided health insurance for retirees becomes an unsustainable lifetime benefit for more companies, the inadequacies of Medicare are likely to be even more pronounced.

We found that a significant percentage of Kentuckians expect Medicare to be a "major" source of health care, another potential weakness in their financial preparedness for the future. The health care expectations of coming retirees, however, differ from those of current retirees. A smaller portion of the Commonwealth's coming retirees expects to rely on Medicare as their most important source of health care.

Because the cost of long-term care is borne mostly by state-financed Medicaid, it is a key concern for states. While the percentage of older Americans in nursing homes has declined, the sheer numbers of seniors in the future will almost certainly increase the need for long-term care in institutions. Families, who provide the vast majority of long-term care for frail elders in their homes, will also shoulder increased personal and financial burdens. Public finances will also be strained. Nearly half the states, including Kentucky, have created mechanisms to encourage citizens to purchase long-term care insurance to help reduce this public cost. A higher percentage of Kentuckians than national data suggest is accurate report that long-term care insurance will be a source of health care. Many assume they have this coverage when, in fact, they do not, and our findings do not confirm that individuals have long-term care insurance, merely that they believe it will be an important source of health insurance. National data suggest only a small percentage of the population has long-term care insurance.

Our findings confirm that out-of-pocket expenses for health care and health insurance are considerable burdens for older Kentuckians. Almost half of older Kentuckians report that they spend more than $3,000 a year on health care. These expenses are, of course, far more burdensome for poor Kentuckians, who report spending between 14 percent and 38 percent of their incomes on health-related expenses. Not surprisingly, a majority of aging Kentuckians say they cannot afford their medical expenses.

In spite of its current inadequacies, the future viability of the Medicare Program is central to the well-being of aging Kentuckians. We found that current retirees are far more optimistic about the program's future than coming retirees. However, nearly identical majorities of both coming and current retirees express a lack of confidence in their abilities to meet their medical expenses.

Again, these findings suggest considerable vulnerability among aging Kentuckians. Broadly, they expect or plan to rely heavily on a program that no longer meets their needs, shoulder health care expenses they cannot afford, and have limited confidence in their ability to meet their future medical needs and in the very program they expect to rely upon most heavily.

The Fruits of Retirement: Health and Well-Being

Although the health status of our older generation may be one of the most important factors influencing the future needs of this population, it may also be one of the most difficult to predict. While increasing frailty is usually an unavoidable consequence of age, individuals do have some control over the extent of their physical and mental decline. A range of lifestyle choices have proven impacts on our overall health status. Those believed to have the most significant effects are abstinence from smoking, a healthy diet, regular exercise, and abstinence from or only moderate use of alcohol. Using these and other health indicators, we attempt to characterize some aspects of the health status of Kentucky's aging population.

In general, proportionately more Kentuckians rate their own health as "fair" or "poor," compared to those aged 45 and older nationally. This general health indicator is based on self ratings and is a summary measure that represents physical, emotional, and social aspects of health. Not unexpectedly, the proportions of those who report fair or poor health increase steadily with age for both Kentucky and the nation. Using this measure, however, we found that reliance on Medicare is a significant indicator of poorer health status in Kentuckians, a finding that raises questions that should be further explored.

Poor lifestyle choices may be the potential cause behind the relatively poorer health status among Kentuckians. In general, older Kentuckians smoke more, weigh more, and are less physically active than their national counterparts. A greater proportion of older Kentuckians, approximately 23 percent, smoke, compared with 17 percent nationally. On average, both older Kentuckians and older citizens nationally can be classified as "overweight," although measures indicate that Kentuckians are slightly heavier. In addition, proportionately fewer Kentuckians engage in any kind of regular physical activity, including such activities as gardening and taking walks. Fewer than half of Kentuckians say they have made the decision to diet, lose weight, exercise, stop smoking, or stop drinking in the previous five years to improve their health, but we do not know how many had made these choices previous to the five-year period. Poor lifestyle choices in general have manifested themselves in higher death rates among Kentuckians at all ages, including higher occurrences of death due to cancer, heart disease, stroke, and diabetes.

While these statistics paint a gloomy picture, some evidence indicates that working Kentuckians may be slightly healthier seniors than current retirees. Statistical regression analysis shows that although the likelihood of limitations in various levels of physical functioning, from vigorous activities down to the most basic functions of eating, dressing, and bathing, does increase with age for both groups, nonretirees face significantly lower probabilities than retirees. That is, given age, income, education, and other demographic characteristics, current workers are less likely than their retired counterparts to be physically limited at each age level. This may be attributable to higher levels of education and higher incomes among coming retirees as compared with Kentucky's current retirees. Both factors significantly affect health outcomes.

To enjoy a high quality of life seniors need more than their physical health. Indeed, mental and social health have a profound effect on well-being in later years. Poor mental health is an often overlooked problem among seniors, especially elderly men, who are the highest risk group for suicide. Using older Kentuckians' answers to questions about how nervous, sad, happy, peaceful, and contented they are, we determined that our age-45-and-older population is about as well off as those nationally. Social engagement has been shown to increase longevity and quality of life among elders. Our data also show that health limitations lead to lower social activity among Kentucky's elderly.

Awareness of the possible health struggles Kentucky's aging population faces is a first step in promoting a better quality of life among older Kentuckians. Policies that promote healthier lifestyles and raise awareness of the need for a more holistic approach to health care, one that includes mental and social health aspects, could help preempt some of the health complications that will lead to higher future health care costs. In addition, growing awareness among our communities of the special needs and unique risks afflicting our elderly population could help us adequately prepare to meet needs and reduce the risks that lead to poor quality of life in their later years.

Expectations of Government

A number of polls indicate that Americans remain concerned about social issues such as health care. For example, a mid-year NPR/Kaiser/Kennedy School poll found that 67 percent of

Americans believe Medicare should provide a prescription drug coverage for seniors. Ultimately, the reservoir of public sentiment will determine how and whether today's programs that assist elders with medical care will be expanded or reshaped. To that end, we asked older Kentuckians, who are expected to comprise a powerful constituency in the years to come, a series of questions about their opinions on government support and eligibility criteria for programs that assist elders.

We found that substantial majorities of older Kentuckians believe government support for health care, from prescription drug coverage to assisted-living communities, is important. Older Kentuckians also say public support is important in providing for the long-term care and nursing home needs of older citizens. At present, Kentucky remains among the minority of states that have made no provision to assist seniors with prescription drug coverage in the face of rising Medicaid costs, and, unlike some states, does not provide Medicaid coverage for assisted-living facilities.

We also asked survey respondents about the role that financial need should play in determining who will receive publicly financed benefits, whether or not they are currently available. Majorities of both coming and current retirees indicate that need should determine how much support for long-term care government provides, a position that is essentially an endorsement of the status quo. But these respondents most often indicate that a combination of families *and* government should work together to meet the needs of frail elders. Because most long-term care of frail elders is provided by families and friends, these responses appear to suggest, as many advocates have, that public support should complement and help support family care, rather than tacitly promote institutionalization.

Interestingly, we found that substantial majorities of respondents (80 percent or more) agree that financial need should determine how much public support older citizens receive from Medicare, which presently provides universal coverage based on age. They expressed similarly high levels of support for need- or income-based prescription drug coverage and hands-on help with activities that enable seniors to stay in their homes longer. Not surprisingly, when we examine these responses by income, we find that the more affluent Kentuckians are, the less likely they are to support using financial need to determine who will receive government assistance.

In the future, public pressure can only be expected to increase, as nearly identical portions of both coming and current retiree populations say government support is very important in providing medical care for older people. Moreover, if the opinions of Kentuckians are representative of elders in general, the future of core entitlements could take on an altogether different shape.

Other Quality-of-Life Factors

Beyond financial and health issues, other factors will affect older citizens in our society. They include transportation, end-of-life issues, elder-care services, volunteerism, and information technology. These social elements potentially influence the quality of life seniors will enjoy in retirement and, by extension, the effect that an aging population will have on society. Although mostly unrelated, they have a single underlying connection: they could dramatically affect the quality of life future elders enjoy.

As our health section indicated, the health care needs of tomorrow's elders are not necessarily the same as those of today's. That is, the care needs of our aging population are becoming increasingly diverse. A growing array of services has developed in response to these needs. Unfortunately, those community-based services provided by the government are not well-known among current and future retirees. About 9 percent or fewer of those questioned were very familiar with seven of the services offered by Kentucky's Office of Aging Services. When we asked Kentucky's general adult population (aged 18 and older) in 2002 about their satisfaction with the availability and affordability of high-quality elder-care services in general in their communities, we found that satisfaction diminished upon experience with these services.

The transportation needs of elders could become a growing problem, as poor health can severely limit the ability of seniors to drive or walk significant distances. For some, the issue is further complicated by their reluctance to be a "burden" to those who provide for their transportation needs though informal transportation has been shown to be the preferred mode among elders in rural and urban areas. More than a third of Kentuckians aged 75 and older reported that they did not drive a car in the preceding month. Thus, they depend on others.

The volunteer activity of Kentucky's aging population serves two beneficial roles. In addition to its contribution to society, studies have shown that volunteering enables a higher quality of life, permitting older citizens to remain active and involved and easing the often difficult transition from "worker" to "retiree." We find that coming retirees can be expected to volunteer more 10 years in the future than they do today. This is promising given that about 42 percent of Kentuckians aged 45 and older volunteer, on average, 10 hours per month.

Information technology is yet another conduit for keeping elders connected and engaged. We found that proportionately fewer elders had home access to a computer (36 percent) compared to all Kentucky adults aged 18 and older (55 percent); however, the percentage has grown since 1996 (28 percent). We found declines in the portion of our sample who were online as age increased as well. However, the 37 percent of Kentuckians aged 45 and older who reported in 2000 that they had accessed the Internet in the previous year is an improvement over the 27 percent found in 1998. In addition, national studies have shown that the number of online seniors is growing and that the enthusiasm of this group outpaces that of their younger counterparts in amount of time spent online and the number of unique sites visited.

Finally, an issue that will affect many older citizens and their families is end-of-life decisionmaking. Due to medical advances, older citizens can be subjected to medical procedures they would not choose to undergo. In turn, family members often are subjected to tremendous strain when faced with difficult choices, and society must deal with the moral ramifications of decisions made in the face of great uncertainties. Many argue that appropriate discussion and legal preparations for the inevitable are essential. We found that more than two thirds of Kentuckians have either let their families know of their wishes or made legal provisions regarding end-of-life care or have done both.

Conclusion

Broadly, the findings from this survey and other research offer reason for "cautious optimism." That is, we find that tomorrow's retirees, the object of much of the angst associated with the aging of the population, are better prepared for the future financially, more inclined to remain in the labor force beyond the traditional retirement age, and healthier. Additionally, they are more inclined to envision themselves becoming more engaged as volunteers in retirement and more likely to use computers, which many see as an invaluable resource and communications tool for seniors. Reasons for caution, however, are found in reported low levels of savings, poor lifestyle choices and health status, and high expectations of entitlement programs in which respondents express low levels of confidence.

Certainly, aging Kentuckians, a constituency that has historically demonstrated the highest rates of voter participation, view a range of government programs for older citizens as important and, by inference, think an expansion of Medicare in the form of a prescription drug provision is important. Significant majorities of aging Kentuckians also express the belief that entitlements, including Medicare, should be based upon financial need. These views about entitlements, however, diminish as income rises. Moreover, a balance of public support that complements care provided by families is the preferred choice among aging Kentuckians. If representative of the larger national population of older citizens, these views could shape a new policy landscape in the years to come, as this powerful constituency weighs in on issues that directly affect their well-being.

Acknowledgments

The Kentucky Long-Term Policy Research Center extends its thanks to its partners on this survey at the University of Kentucky's Sanders-Brown Center on Aging. Specifically, Dr. Graham D. Rowles and Dr. John F. Watkins worked closely with Center staff in the development and execution of the survey instrument on which much of this report is based. Their expertise, advice, and financial support for the survey helped make this report and its important findings possible.

Additionally, we are, as always, grateful for the expert guidance of Ron Langley at the UK Survey Research Center. Ron was tremendously helpful in designing a survey that was easy to understand, read, and respond to. For these reasons, this survey enjoyed a remarkable response rate that increases our confidence in its findings.

We also wish to acknowledge the Employee Benefit Research Institute (EBRI), which, in conjunction with Mathew Greenwald & Associates and the American Savings Education Council, conducts the national Retirement Confidence Survey annually, for permission to use selected survey questions. These questions enabled the Center to compare the experiences of aging Kentuckians with their counterparts at the national level. EBRI's consistently excellent work is a valued resource that has enriched understanding nationally of what lies ahead in terms of the financial capacity of current and future retirees. We're grateful for the opportunity to utilize some of their research here.

We also wish to thank Jerry Whitley and the Office of Aging Services for his and his staff's advice and contributions to this effort and for their review of this report. We sincerely hope that these findings will be beneficial to the important work they do in communities throughout the state.

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For his as-always painstaking and careful editing of this report and the improvement his work enabled, we remain grateful to our editor, Jerry Sollinger. Also, we thank the proofreading staff at the Legislative Research Commission for their final look at this report.

In house, as always, we are grateful for the thoughtful contributions of our Board members. We are also grateful for the energies of Suzanne King, whose layout and design expertise helped move this project ahead as we converted to new software, and to Billie Sebastian, whose proofreading skills are, as always, deeply appreciated and whose painstaking conversion of this document to "html" language made this report available to a virtually limitless audience via the Internet.

We sincerely hope that citizens across the Commonwealth as well as agencies throughout state and local governments will find these data a useful guide as they plan for a future that will enable agencies, community and nonprofit groups, and individuals and their families to meet the changing and diverse needs of our aging population.

While many individuals and agencies contributed to this project, the Kentucky Long-Term Policy Research Center takes full responsibility for the content of this document. We welcome all comments.

Future Implications of the Era of Aging

Demographic Change, Fiscal Uncertainty

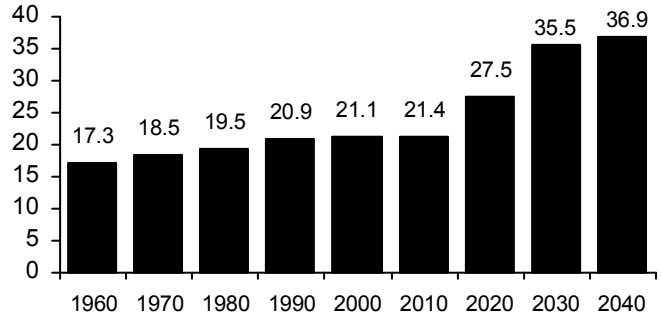
Sweeping demographic change is underway globally, as growing portions of populations reach what we once thought of as "old age" and enjoy increased longevity. Here in the United States, this demographic phenomenon will accelerate as Baby Boomers, the largest generation in U.S. history, begin reaching retirement age around 2010.

Their arrival at this milestone is expected to place unprecedented strain on publicly supported entitlement programs, such as Social Security, Medicare, and Medicaid. As these programs absorb this fiscal shock, costs to state and local governments will, in turn, almost certainly rise. The state share of Medicaid alone represents the fastest growing budget item for most states, and most Medicaid spending is for seniors. Under the present structure, younger workers, whose numbers are declining, finance the public programs on which retirees depend.

While costs associated with the aging of the population raise concerns that must be addressed, changing circumstances will likely mitigate high rates of dependency. Coming retirees will be the healthiest, wealthiest, and most educated in history.

The rate of dependency in our society will be influenced by demographic factors, such as birth rates and the life expectancies of men and women.

Past and Projected US Elderly per 100 Workers, Aged 20 to 64, 1960-2040



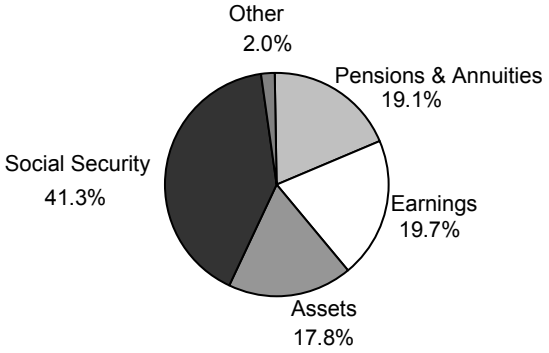
Source: 1997 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds,Table II.H1

- As shown, the number of elderly per 100 workers is expected to sharply increase as a wave of Baby Boomers move into retirement after 2010.
- The simple arithmetic of these numbers makes a compelling argument for reform of the Social Security system, argues the Urban Institute's Eugene Steuerle: "... if a smaller share of adults in a society work, then nonworkers get less income, workers pay a higher share of their income in transfers to the nonworkers, or nonworkers make up for a shortfall in wage income or transfer income by holding a much larger share of society's (hopefully larger) stock of wealth."
- As a caveat, the National Academy on an Aging Society (NAAS) notes that, if children are factored into the dependency equation, our society will actually experience a decline in dependency rates if birth rates remain low.
- Further, if gaps in the longevity of men and women continue to close, fewer women will face their senior years alone, a factor that could significantly alter dependency rates.

21st Century Retirement

The model for adequate retirement income has long been portrayed as a three-legged stool—Social Security, savings, and pension income. But, as the stock market's recent free fall has shown, things change. Today's economic realities, the American Association of Retired Persons (AARP) suggests, recommend *four* pillars of retirement planning: Social Security; pensions *and* savings; *earnings*; and *health insurance*. This dramatic change in the preferred architecture of retirement planning has come in response to a number of factors. Health insurance has earned its place in the retirement support structure because health care now consumes so much of retiree income, and Medicare benefits do not include prescription drugs, the medical treatment many seniors most need. At the same time, employer-sponsored pension plans have become less commonplace *and* less certain. In place of the defined benefit pension plans of the past, employees increasingly must fashion their own retirement plans, which are defined largely by the contributions and investments they make. The need for earnings reflects the uncertainty of the remaining pillars of economic security, including Social Security, as well as the improving capabilities of elders.

Average Income of the Elderly, 2000



Source: Employee Benefit Research Institute

Social Security is the dominant source of income for most older Americans and the only source of income for about 17 percent of seniors.

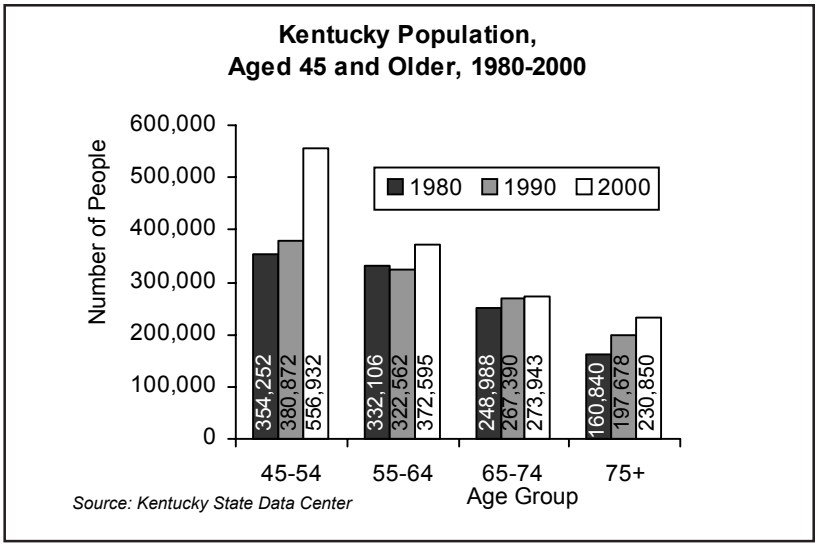
- Social Security is increasingly the dominant source of income for older Americans. In 1998, according to the Social Security Administration, it provided 37 percent of all retirement income. By 2000, an Employee Benefit Research Institute analysis of Census data found that it provided 41.3 percent of average income for the elderly. In 1998, Social Security was the only source of income for 17 percent of older Americans.
- About 62 percent of full-time private industry workers had access to employer-sponsored retirement plans in 2000 compared with 20 percent of part-time employees.
- The percent of men aged 62-64 who remained in the labor force began to increase in 1997 after declining steadily from the early 1960s. Today, 47.1 percent of Americans aged 60-64, 24.4 percent of those aged 65-69, and 13.5 percent of those aged 70-74 remain in the labor force.
- The burden of health care costs is much greater for low-income elders. In 1998, those in the bottom one fifth of income groups spent 13 percent of their income on health care compared with 9 percent for the top fifth.

Kentucky's Aging Population

In spite of the many dire prognostications, our individual and corporate preparations for the future will ultimately determine whether older Kentuckians have a good or poor quality of life. For years, the assumption has been that Kentucky's older population will be a disproportionately large one in the years to come, as birth rates and youth population declined sharply, and the population of coming retirees in the state grew significantly. By 2025, the U.S. Census Bureau predicts that Kentucky's older population will rank 14th in the nation, compared to the 2000 ranking of 24th. But projections are educated guesses based upon current trends, which could change.

Disproportionate poverty among older Kentuckians is further cause for concern. The 2000 Current Population Survey estimates that 15 percent of Kentuckians 65 and older have poverty-level incomes, compared with 10.2 percent nationally. While considerable, the percentage point difference in 2000 is nearly half that of 1990 when 20.6 percent of older Kentuckians were poor compared with 12 percent nationally, again illustrating the force and unpredictability of change.

Kentucky's Baby Boomer population grew by 46.2 percent between 1990 and 2000, more than twice the rate of growth in any other age group.



- Kentucky's population aged 65 to 74 grew only modestly (2.5 percent) between 1990 and 2000 and at a much slower pace than the 7.4 percent growth rate seen between 1980 and 1990.
- Growth in the 75 and older population slowed from the 22.9 percent seen between 1980 and 1990 to 16.8 percent from 1990 to 2000.
- Between 1990 and 2000, the highest rate of population growth in Kentucky occurred among Baby Boomers—tomorrow's retirees—who are between the ages of 45 and 54. Their numbers grew by 46.2 percent, a growth rate that significantly exceeded that of all other age groups.
- The median age of Kentuckians has risen steadily over the past 20 years, from 29.1 years in 1980 to 32.9 years in 1990 to 35.9 years in 2000, only slightly higher than the 2000 national median age of 35.3 years.

Who Responded to the Survey?

We compared the distribution of our sample to the Current Population Survey (CPS) conducted annually by the U.S. Census Bureau to determine how representative it is of Kentuckians aged 45 and older. We also used the CPS national sample to show the average differences between Kentucky and the rest of the nation for this age group.

Our survey sample is representative of Kentucky's general population, aged 45 and older; the distribution of Kentuckians in this age cohort is similar to that of the CPS sample. As shown, the average Kentuckian from both samples is 60 years old and white. A little more than half of each sample is female, more of our respondents live in rural areas, and more of our respondents are future, rather than current, retirees. Also, our sample has a larger portion of persons with some college experience or a two-year degree or higher than the CPS sample and fewer persons with less than a high school degree. The CPS sample has a higher portion of persons with annual household incomes of $50,000 or more while our sample has a higher proportion in the second income quartile.

Characteristics of Survey Respondents

Variables	Survey Sample	KY	US
Average Age	60	60	61
White, Non-Hispanic	95%	91%	77%
Female	52	53	54
Retired	45	—	—
Urban	49	—	—
EDUCATION			
Less than High School	23%	29%	20%
High School Diploma or Equivalent	36	37	34
Some College or Two-Year Degree	23	17	23
Bachelor's Degree or Higher	19	18	24
HOUSEHOLD INCOME			
$0 to $14,999	21%	21%	11%
$15,000 to $29,999	26	21	18
$30,000 to $49,999	21	20	22
$50,000 and more	31	39	48

Source: Kentucky Long-Term Policy Research Center, UK Survey Research Center, and US Census Bureau

Both the CPS sample and our sample are relatively less educated, poorer, and less racially diverse than the U.S. sample.

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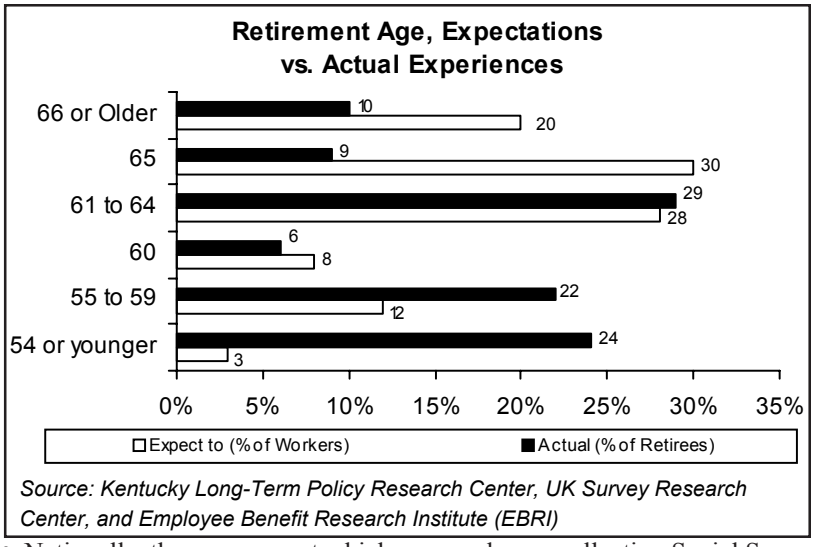
Retirement Planning and Financial Security

Age at Retirement

For many years, the trend in the United States was one of increasingly early retirements, resulting in fewer contributions to Social Security and public coffers in general. The age at which a person plans to and actually retires from the labor force has a cascading economic effect. At the individual level, it affects the savings and investments individuals make to prepare for retirement. If those plans prove to be inadequate or early retirement becomes necessary, the individual's well-being as well as his or her family's can be adversely affected.

When increasing longevity is added to the mix of early retirement and declining public revenues, the concerns of demographers and social scientists about the future well-being of seniors and the solvency of public programs become clear. Recent data suggest that older citizens have begun to work longer nationally. Here in Kentucky, we find that Baby Boomers *expect* to stay in the labor force longer. If the trend continues and grows, their contributions to public programs could offset some of the anticipated costs of an aging population. Increases in longevity, however, could counter the savings realized from prolonged labor force participation.

Current workers expect to retire later than current retirees actually did retire.



Source: Kentucky Long-Term Policy Research Center, UK Survey Research Center, and Employee Benefit Research Institute (EBRI)

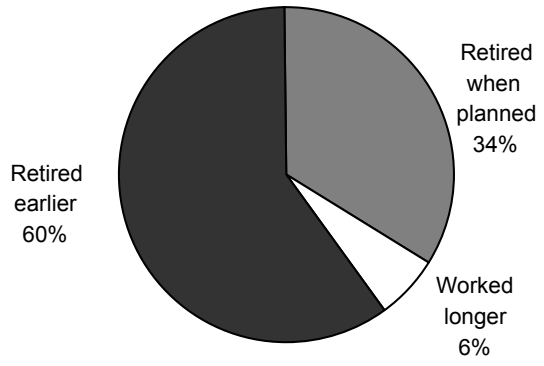
- Nationally, the mean age at which persons began collecting Social Security declined steadily into the mid-1980s, then remained at 63.7 years through 1999, according to the Bureau of Labor Statistics.
- In Kentucky, we found a marked difference in the age at which current workers expect to retire and the age at which current retirees actually retired.
- Approximately 50 percent of survey respondents who are currently working report that they plan to retire at age 65 or older.
- In contrast, only 19 percent of current retirees actually retired at age 65 or older. Instead, nearly half, about 46 percent of current retirees in Kentucky, retired before the age of 60.
- Among retirees, the median retirement age is 60 while the average is 59; among workers, the median *expected* retirement age is 65 while the average is 63.
- We found no differences in planned or actual retirement ages based on gender or marital status. On average, women expected to retire and retired about a year earlier than men.

Planning for Retirement

Even the best laid plans can go awry. Plans for retirement are no different. Certainly, the retirement landscape has changed significantly, from the problems that depressed stock values pose for many current and coming retirees to the gradual shift away from employer-sponsored, defined-benefit pension plans to 401(k) plans, which are less likely to be secure, dependable sources of retirement income. Moreover, borrowing from these plans more than doubled between 1992 and 1998, according to the Center for Retirement Research at Boston College. Early retirement, whether planned or unplanned, merely compounds the uncertainty that attends individual retirement plans, as well as the broader consequences of population aging.

To gauge the level of preparedness and financial security among older Kentuckians, we asked current retirees if they had retired when they had planned.

Did you retire when you planned?



Source: Kentucky Long-Term Policy Research Center, UK Survey Research Center, and EBRI

More than two thirds of current retirees retired earlier than they had planned.

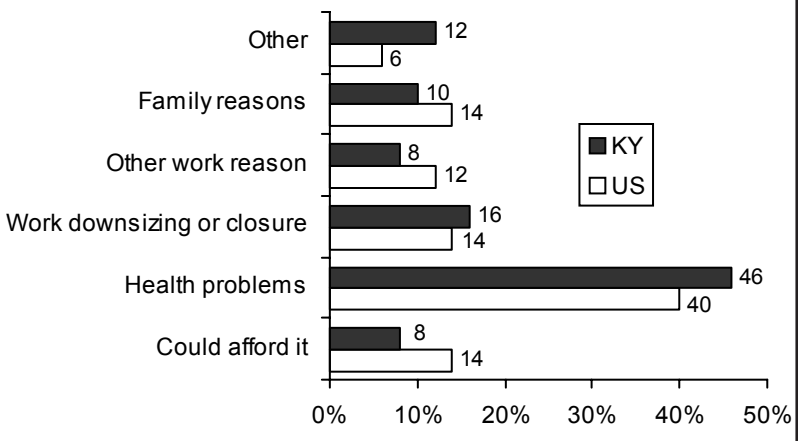
- As shown, most Kentucky retirees did not retire at the time they expected, which helps explain the differences we found in the actual and expected retirement ages reported by respondents.
- About a third (34 percent) of current retirees actually retired when they planned, but more than half (60 percent) retired earlier than expected.
- Only 6 percent of respondents reported having worked longer than they had anticipated.
- If the current workers from our survey—Baby Boomer Kentuckians—follow this trend and retire earlier than expected, it could undermine the viability of Kentucky's future workforce, as well as the fiscal capacity of the state to meet the needs of citizens of all ages.
- We found a slight gender difference in that approximately 57 percent of women retired earlier than expected compared to 63 percent of men.

Reasons for Retiring Early

With a majority of retirees sampled reporting that they retired earlier than they had planned, the natural follow-up question is "Why?" Survey respondents were asked to select all responses that applied from five possible options, including that they could afford to do so or that they were faced with health problems or a disability, the downsizing or closure of their workplace, other work-related reasons, or family reasons. Additionally, they were given the option of specifying any other reasons that may have contributed to their decision to retire early.

Using data from a national survey conducted by the Employee Benefit Research Institute, we compared the experiences of Kentucky retirees to those of the rest of the nation.

Health problems were cited most often by current retirees as the reason why they retired earlier than planned.



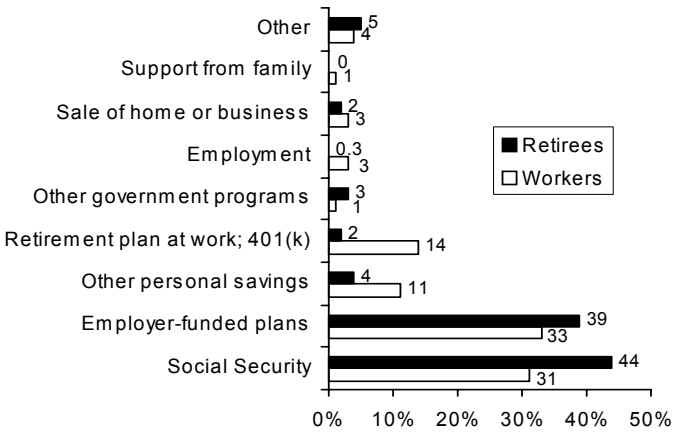
Source: Kentucky Long-Term Policy Research Center, UK Survey Research Center, and EBRI

- Generally, the early retirement experiences of Kentuckians follow the same pattern of those of early U.S. retirees, with noteworthy exceptions.
- As seen nationally, the most frequently cited reason for retiring earlier than planned is a health problem or disability; however, Kentucky's current retirees were more likely to cite this reason, 46 percent compared with 40 percent nationally, a finding that is consistent with the generally poor health status of Kentuckians.
- Proportionately fewer Kentuckians reported retiring early because they could afford to do so, again a finding that is consistent with the relative poverty of older citizens here.
- Retired Kentuckians were also slightly more likely to say that the downsizing or closure of their workplace had, at least in part, prompted their early retirement, a possible reflection of the significant layoffs in the apparel industry that preceded this survey.
- Proportionately more women, 15 percent, retired early due to family reasons than men, 5 percent.

Retirement Income

As the now-obsolete three-pronged retirement income strategy and AARP's more current four-pronged model for retirement planning clearly illustrate, Social Security was never intended to serve as the sole source of income for older Americans. Rather, Social Security was intended to be an important foundation or complement to savings and other income sources. However, national data show that since the early 1960s, Social Security has increased in its importance as a source of income for older Americans. As people age, its importance rises as financial resources are depleted and health care costs become more burdensome. In turn, poverty rates increase with age, according to an analysis by the Federal Interagency Forum on Aging Related Statistics.

We asked current and coming Kentucky retirees to tell us what their most important source of income in retirement is now and is expected to be. They were given a variety of responses from which to choose, including the option of specifying sources that were not listed.



Source: Kentucky Long-Term Policy Research Center, UK Survey Research Center, and EBRI

As older citizens rely more heavily on Social Security for retirement income, its inadequacies and its future viability become issues of greater concern.

- As shown, current workers expect to rely far less heavily on Social Security than current retirees do, suggesting a lack of confidence about the future of Social Security among Baby Boomers.
- Likewise, Baby Boomers are less likely to expect an employer-funded pension plan to be their most important source of income in retirement.
- Perhaps out of necessity, current workers have more diverse plans for retirement income than do workers of the past; approximately 25 percent say they intend to rely primarily on other personal savings and retirement plans at work, such as 401(k) plans, compared with only 6 percent of retirees.
- Given recent trends in the stock market, the increasing reliance on both 401(k) plans and personal savings among coming retirees point to considerable vulnerability among this group. Thus, they too may find themselves relying more on Social Security than expected.
- At approximately 49 percent, single women are or intend to be most reliant on Social Security for retirement income compared to 38 percent of single men and 33 percent of both married men and women.

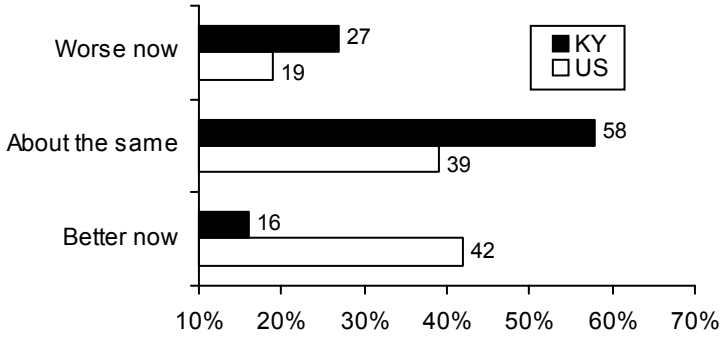
Standard of Living in Retirement

Retirement usually marks lower levels of participation in the labor force and thus lower levels of wage and salary income. In short, the principal source of support on which most people rely dwindles and ultimately disappears—hence, the challenge of income replacement. While retirees have traditionally stopped working altogether at the time of retirement, changes in the architecture of retirement planning are compelling more older people to return to the labor force, if their health permits. Still others continue to work because they are vigorous and engaged and wish to remain so. Among the "oldest old," those 85 and older, labor force participation rates are very low. Thus, we see increasing reliance on Social Security with advancing age.

To determine how living standards are affected by reliance on replacement income in retirement, we asked Kentucky retirees how their current living standards compare to those of their pre-retirement years. We also compared Kentucky responses to those of U.S. retirees who were asked the same question in 1999 by the Employee Benefit Research Institute.

Compared to their national counterparts, far fewer Kentucky retirees report enjoying a higher standard of living in retirement.

Compared to the end of your working career, would you say your current standard of living is better, the same, or worse?



Source: Kentucky Long-Term Policy Research Center, UK Survey Research Center, and EBRI

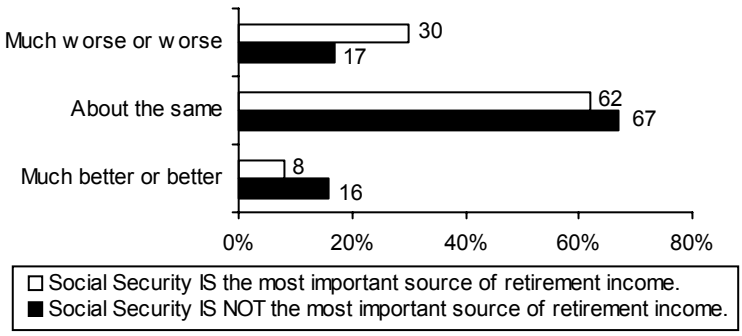
- Kentucky retirees report having a lower standard of living in retirement than the average U.S. retiree. More report being about the same or worse off in retirement than U.S. retirees, and a greater proportion of U.S. retirees report being better off in retirement than Kentucky retirees.
- More than a quarter (27 percent) of Kentucky's current retirees say their standard of living is worse now than before their retirement, as compared with only about 19 percent nationally.
- Among Kentucky retirees, 7 percent report that their standard of living is *much worse* now that they have retired.
- A majority report that they are living at least as well as they were before retirement; 58 percent report that their standard of living is about the same.
- No differences were found between the experiences of men and women.
- However, 42 percent of retirees nationally report a better standard of living in retirement compared with only 16 percent in Kentucky, suggesting that, in the absence of significant economic growth, the needs of older Kentuckians are likely to remain greater than most nationally.

Social Security Reliance and Standards of Living

National trends show that Social Security has grown in importance as a source of income for retirees, the likely result of a combination of factors, including increased longevity, the resultant depletion of retirement savings over time, declining access to employer-sponsored pension plans, and unanticipated health care costs. As Americans age, Social Security becomes increasingly important; among those 85 and older, Social Security provided 52 percent of 1998 income. Yet the average 2000 Social Security benefit was a modest $804 a month.

We developed a multivariate regression model to predict the likelihood of a retiree reporting a worse standard of living in retirement based on whether he or she reports that Social Security is the most important source of retirement income, holding other factors constant. Our analysis reveals a statistically significant relationship between retirement living standards and the level of dependence on Social Security among Kentucky retirees.

Compared to the end of your working career, would you say your current standard of living is better, the same, or worse?
(by importance of Social Security income)



Source: Kentucky Long-Term Policy Research Center, UK Survey Research Center, and EBRI

Here, as well as nationally, when Social Security is the most important source of income for elders, their standard of living is likely to be poor.

- Not surprisingly, we found that those Kentuckians who report that Social Security is their most important source of income are almost twice as likely to report that their postretirement standard of living is worse or much worse.
- The results of the model show a 30 percent likelihood of being worse off in retirement if Social Security is the most important source of retirement income as opposed to a 17 percent likelihood for those reporting another source of retirement income as the most important source.
- We found a nearly equal likelihood that these two groups report a standard of living in retirement that is about the same as before retirement.
- Those who are not relying on Social Security as their most important source of retirement income are twice as likely to report being better off in retirement as their counterparts who rely on Social Security as their most important source of retirement income.

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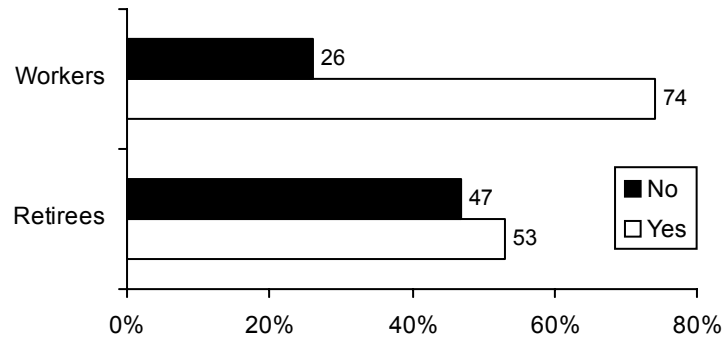
Saving for Retirement

Pensions and savings are a cornerstone of financial security in retirement. Given that the original intention of Social Security was to supplement other sources of income rather than fully replace them, the preparations that current and coming retirees have made for retirement offer a good indicator of how well we might expect them to fare in retirement.

To learn more about the financial preparedness of Kentucky Baby Boomers and contrast their experiences with those of current retirees, we asked both current and coming retirees about their personal savings for retirement, including the estimated value of retirement accounts. If applicable, respondents were asked to include the combined value of savings and retirement accounts held by them and their spouses.

Compared to current retirees, more of Kentucky's Baby Boomers are saving for their retirement.



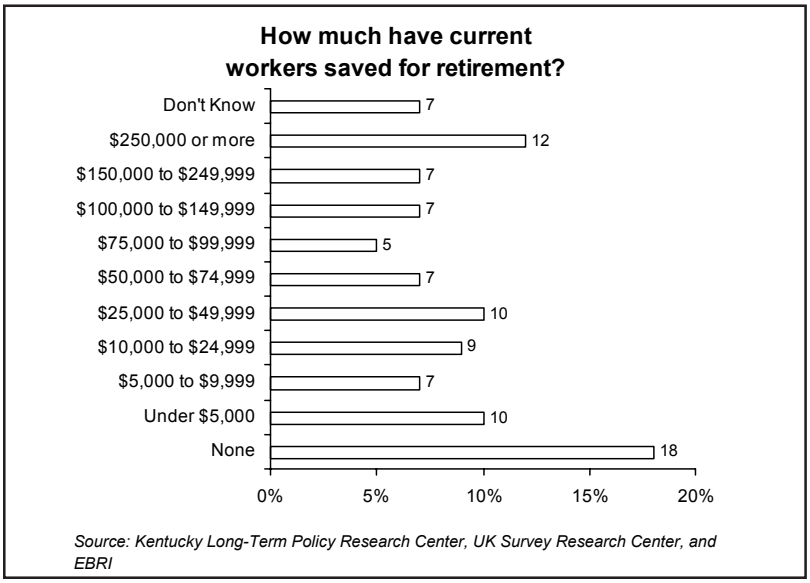
Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

- Current workers are more likely to be making financial preparations for retirement: about three quarters of current workers report saving for retirement, compared with a little over half of current retirees.
- While reported savings rates are encouraging, about a quarter of Kentucky's coming retirees still report that they are not saving at all for retirement, increasing the likelihood that they will face a lower standard of living in retirement if Social Security is their primary source of retirement income.
- Proportionately more single working women are saving for retirement than their retired counterparts did, but they lag considerably behind other demographic groups that are saving for retirement.
- Savings rates reflect the relative economic disadvantage of single women; only 39 percent of single retired women saved for retirement compared to 61 percent of single working women. By contrast, about 70 percent of single working men, 78 percent of working married men, and 76 percent of working married women are saving for retirement.

How Much Have Respondents Saved?

Given that workers will likely need between two thirds to three quarters of their current income to maintain their current standard of living when they retire, adequate savings are critical. Otherwise, retirees face the lower standard of living that so many Kentuckians report experiencing since they entered retirement. The level of savings current workers have accumulated clearly presages the standard of living they are likely to enjoy in their retirement years.

To that end, we asked Kentucky workers aged 45 and older to estimate how much personal savings they have accumulated for retirement, including any personal savings the respondent and his or her spouse have and the estimated value of any retirement accounts they may have, including those maintained by their employer or employers. Respondents were asked specifically to exclude Social Security.



Source: Kentucky Long-Term Policy Research Center, UK Survey Research Center, and EBRI

Many current workers have accumulated only modest savings for retirement or none at all.

- While 82 percent of current workers report that they are saving for their retirement, our findings suggest that Kentucky Baby Boomers may be financially ill-prepared for their retirements.
- As shown, 18 percent of respondents report having no savings at all for retirement.
- About 44 percent of current workers report having saved less than $25,000.
- Approximately 60 percent of the workers who have no savings for retirement are between the ages of 45 and 54.
- While Social Security may help supplement the lack of savings, our findings show that the less retirees rely on Social Security as a source of income, the better off they are in retirement.
- Many workers may be setting themselves up for a lower standard of living in retirement if they plan to rely heavily or solely on Social Security as their primary source of income.

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Work and Retirement

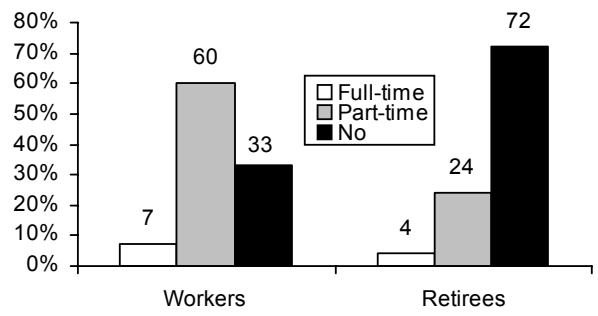
Improvements in health care and the health status of older Americans as well as changing perceptions about the nature of aging have enabled and inspired many older citizens to work beyond the traditional retirement age of 65. On the other hand, many of today's seniors are finding the financial preparations they made for a leisurely retirement inadequate.

Baby Boomers appear to be forming altogether different perspectives on aging and work. In response to a 1998 AARP survey, 80 percent of Boomers said they planned to work past the age of 65. During the booming growth of the 1990s, older workers began paving this new ground. The percentage of workers aged 70 to 74 rose more than 2 percentage points, and even the percentage of those 75 and older rose by 1 point. The rising age at which many Boomers will become eligible for Social Security will provide further impetus for work after retirement.

Research suggests that the functional capabilities of older citizens are improving with each successive cohort, suggesting that additional gains in labor force participation are likely.

Those who have not yet retired are nearly three times as likely to see themselves working part-time in retirement.

Have you worked or do you see yourself working for pay in retirement in either a full-time or part-time job?



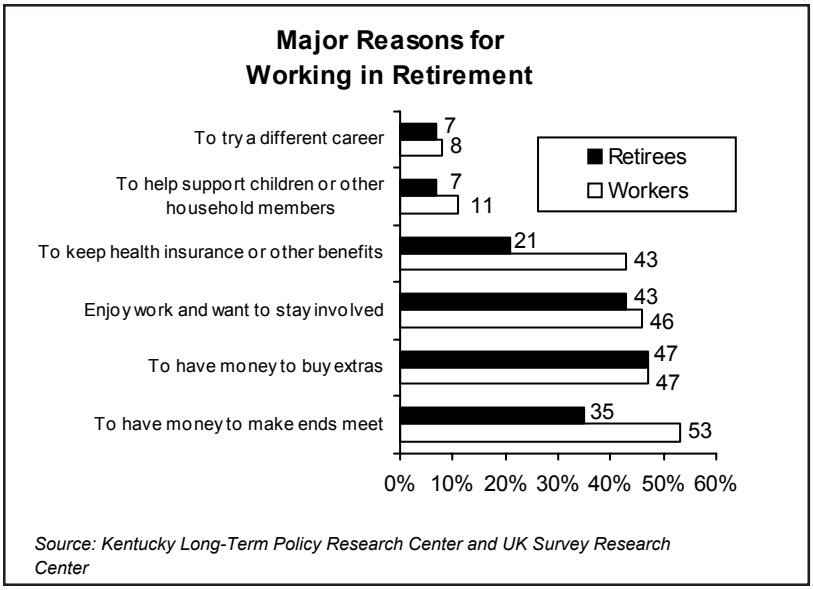
Source: Kentucky Long-Term Policy Research Center, UK Survey Research Center, and EBRI

- Labor force participation rates typically decline sharply with advanced age, and the health problems that contribute to early retirement likely keep many current retirees out of the labor force. Still, about 15 percent of those respondents who reported working are over the age of 60, and about 8 percent are over the age of 65.
- Our survey results also show that two thirds (67 percent) of Kentuckians who are approaching retirement say they plan to work at least part time. By contrast, slightly more than a quarter (28 percent) of retirees are employed.
- As with current retirees, the economic and the health status of Baby Boomers will strongly influence levels of postretirement employment. If their intentions are enabled by an improving physical condition or their needs exceed retirement incomes, Boomers may stay in the labor force for an increasing number of years. At a minimum, they are likely to create a substantial part-time labor force from which to draw in the coming years.
- We found little differences between the experiences and intentions of men and women.

Major Reasons for Working in Retirement

Today, earned income is regarded as an essential pillar of a financially secure retirement. Yet, as we have seen, only a small percentage of retired Kentuckians work. Health problems may figure prominently in this situation. To learn more about the work experience of current retirees and the plans of coming retirees, we asked respondents about their reasons for working. Here, we present the *major* reasons current and coming retirees cite for working after retirement.

As shown, nonretirees perceive financial need as the primary reason why they will have to work in retirement. Underlying that perception are dramatic changes that have occurred over the work lives of Baby Boomers, including high rates of job mobility without portable pension plans; declining access to employer-sponsored pension plans and health care benefits; changes in existent employer-sponsored plans that have left these funds more vulnerable to fluctuating economic conditions; the accelerating cost of health care; and, some suggest, high divorce rates that have left women in particular ill-prepared for retirement. Nationally, a recent study by Dwyer found that access to health insurance is the single most important predictor of retirement.



Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

Tomorrow's retirees most often cite financial need as a major reason for continuing to work.

- As shown, more than half of coming retirees believe it will be financially necessary for them to work in retirement just *to have money to make ends meet* compared with 35 percent of current retirees.
- About 53 percent of all women and 64 percent of single women say they will work *to make ends meet*, compared with 45 percent of all men.
- Reflecting the importance of health care provisions in retirement planning, 43 percent of workers believe it will be necessary to keep working to maintain health insurance and other benefits, more than twice the percentage of current retirees (21 percent). These findings reflect the waning availability of health care as a cost-free or low-cost retirement benefit.
- More positively, nearly half of workers and more than 40 percent of retirees say they enjoy work and want to stay engaged.
- These findings suggest low levels of confidence in their financial futures among workers, a perspective not shared by retirees whose work lives and expectations were far different.

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The Fourth Pillar: Meeting the Cost of Health Care

Sources of Health Care Coverage in Retirement

As the AARP asserts, health insurance is now key to a financially sound retirement. Without it, many are at risk of financial ruin in the event of illness or injury. At the same time, health care now focuses more acutely on lifestyle choices and the management of medical interventions by the individual. Prescription drugs now play a prominent role in the treatment of chronic diseases, enabling many older citizens to live independently longer and function at higher levels. Access to prescription drugs, which Medicare does not cover outside of institutional settings, now permits many to enjoy a healthier, more productive old age. As a consequence, prescription drug coverage for the elderly has risen in prominence on the public agenda. Without supplemental health coverage, older citizens are likely to face high out-of-pocket health expenses and, in many cases, a poorer health status. According to the Commonwealth Fund, out-of-pocket medical expenses increased nearly 50 percent between 1999 and 2001. The Harvard Consumer Bankruptcy Project recently reported that nearly half of rising bankruptcies among the elderly were attributed to medical expenses. Thus, the presence of health care coverage indicates the financial as well as the health status of older citizens.

How current and coming elders pay or plan to pay for health care indicates their financial and health status.

Current and Anticipated Sources of Health Care in Retirement, KY, 2000
(Percent of Respondents)

	Major Source	Minor Source	Not a Source
Employer Provided	43%	10%	46%
Medicare	76	16	8
Medicaid	33	15	53
Health Insurance to Supplement Medicare	47	25	28
Family Support	1	4	95
Charity	0.87	2	97
Insurance for Long-Term Care or Nursing Home Needs	9	7	84
Other*	17	3	79

*Responses for "Other" include: Workers' Compensation (1), other health insurance (13), veteran's benefits (8), and miscellaneous (8).

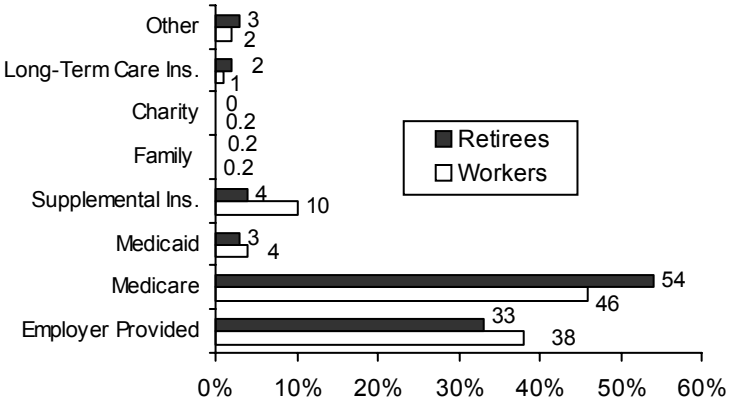
Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

- Three quarters of our sample say they now rely or plan to rely on Medicare as their major source of health care coverage in retirement, suggesting potentially high levels of vulnerability in the health and financial status of older Kentuckians.
- More than a third of our sample reports that Medicaid is or will be a major source of health care in retirement, suggesting one of two things, the expectation of poverty or possibly a misunderstanding about the distinction between Medicaid and Medicare.
- A significant portion of our sample reports they have or will have a supplement to Medicare. About 47 percent reported that a supplemental policy would be a major source of health care while 43 percent reported that they would look to employer-provided insurance as a major source of health care coverage.
- Today, even employer-provided health care benefits are at risk, as the rising cost of health care cuts more deeply into the bottom line for firms. In response, many are raising costs to retirees or opting not to continue coverage.

Most Important Source of Health Care in Retirement

Although a majority of our sample listed Medicare as a major source of health care in retirement, our findings reflect the very different experiences and expectations of current versus coming retirees. Compared with current retirees, a smaller proportion of coming retirees expect Medicare to be their most important source of health care in retirement. Coming retirees anticipate a heavier reliance on employer coverage, which, given trends, will likely mean shouldering more of the cost burden for health care coverage on their own.

In part, the differing perceptions of these generations reflect the waning confidence of many Americans in the ability of government to provide for their basic health care needs through the Medicare system. Moreover, shifting corporate priorities and a flagging stock market have effectively nullified the careful retirement plans of many Baby Boomers. In some cases, firms have simply reneged on promised health care benefits, as early retirements and longer lives have contributed to mounting health care costs. If this trend continues, the burden on Medicare could become even larger than anticipated and thus more unmanageable.



Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

The health care expectations of coming retirees differ from the experiences of current retirees.

- While a majority of retirees and almost half of Kentucky's workers indicate that Medicare is or will be their most important source of health care in retirement, these data reflect the differences in experiences and perceptions among Baby Boomers and current retirees.
- A smaller percentage of those who are not retired expect Medicare to be the most important source of health care, and a somewhat larger percentage anticipate that employer-provided benefits will be most important.
- Approximately 39 percent of single men indicated that Medicare is or will be their most important source of health care in retirement, compared to approximately half of married men and women and single women.

Long-Term Care Insurance

As our population ages, both the need for and the cost of long-term care will almost certainly rise. Though medical advances, healthier lifestyles, and higher incomes may increase the capabilities of older citizens and alleviate public burdens somewhat, their sheer numbers combined with increased longevity will inevitably boost demand for long-term care and public costs. Already, much of the cost of nursing home care is borne by government, largely through the partially state-financed Medicaid program.

For those who can afford it, long-term care insurance is considered by many to be an important component of financial preparedness. While widely held long-term care insurance would help lower public costs, consumer advocates consistently caution about the advisability of these policies for those at the lower and upper ends of the income ladder and about the provisions of such policies. By mid-2000, according to the National Conference of State Legislatures (NCSL), 23 states, including Kentucky, provided tax credits or deductions to encourage consumers to buy long-term care insurance.

Nationally, awareness of the cost of and coverage by long-term care insurance is believed to be low.

Importance of Long-Term Care Insurance as a Source of Health Care, by Retirement Status

Source: Kentucky Long-Term Policy Research and UK Survey Research Center

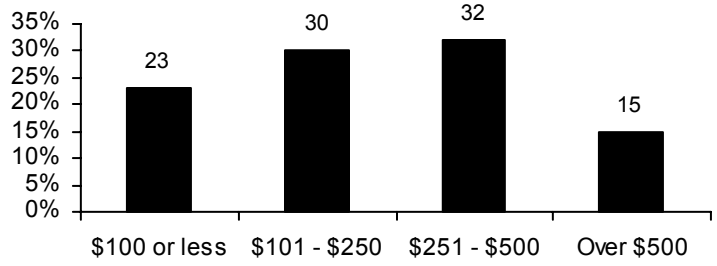
- On the surface, the 20 percent of current and coming retirees who indicate that long-term care insurance is or will be a major component of their health care coverage appears encouraging. But in late 2001 AARP found that about 31 percent of survey respondents aged 45 and older believed they had long-term care insurance.
- AARP researchers found that these same survey respondents knew little about the cost of long-term care and did not know about coverage. They concluded that many confuse long-term care insurance with other types of coverage and believe they have coverage when they do not.
- Only about 6 percent of Americans, according to the Health Insurance Association of America, purchased long-term care insurance in 2001.

Monthly Medical Expenses of Current Retirees

According to national data, annual medical costs are again rising at a double-digit pace. For older citizens on fixed incomes, health care expenditures that are unmet by Medicare and supplemental insurance policies can become a substantial drain. AARP's Public Policy Institute projected 1999 out-of-pocket spending on health care for 65 and older Medicare beneficiaries at an annual average of $2,430 or 19 percent of total income. That same year, 42 percent of Medicare beneficiaries spent $1,000 or more for prescription drugs alone, a cost that has risen sharply since then. As previously noted, a 2002 Consumer Bankruptcy Project study at Harvard found that nearly half of rising bankruptcies among older Americans are attributed to the inability to pay medical expenses.

Here, we asked Kentucky retirees about how much they spend monthly for out-of-pocket medical expenses such as health insurance premiums, prescriptions, medical tests, and doctor visits.

About how much of your own money do you (and your spouse or partner) spend a month on all your health care needs, including health insurance premiums, prescriptions, medical tests, doctor visits, etc?



Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

Nearly half of older Kentuckians report spending more than $3,000 a year on health care expenses.

- Median monthly out-of-pocket spending by Kentucky retirees for health care was $250; their median annual income was between $20,000 and $25,000. Thus, on a monthly basis, older Kentuckians spend about 13 percent of their income on health care.
- Almost half (47 percent) of respondents reported spending more than $3,000 a year on health care services and premiums while 15 percent reported spending at least $6,000.
- Proportionately more men (18 percent) spend more than $500 per month on medical expenses than women (10 percent).

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Annual Medical Expenses by Income

As numerous studies have shown, the poorer the individual the heavier the burden of out-of-pocket health care expenses and the less likely that the individual will receive needed care, regardless of age. But the problem is more pronounced for those elders who are not quite poor enough to qualify for Medicaid, the senior equivalent of the health care limbo in which the working poor find themselves. Medical expenses not covered by Medicare cut more deeply into lower incomes and circumscribe health care choices. Anecdotal evidence suggests that many low-income older citizens often face a choice between health care and necessities. When funds are short, health care needs often go unmet.

We analyzed data from our survey to determine how differently medical expenses affect retirees by income group and found a predictable disparity in the impact of health care costs on low-income Kentucky seniors.

Medical expenses are eroding the incomes of Kentucky's poorest seniors.

Estimated Medical Expenses for Kentucky Retirees, by Income, 2000			
Income Category	**Median Monthly Expenses**	**Median Annual Expenses**	**Median Annual Expenses as % of Income**
$0-14,999	$237	$2,844	28-38%
$15,000-29,999	$300	$3,600	14-18
$30,000-49,999	$200	$2,400	6-8
$50,000 and over	$200	$2,400	2.6-3.4

Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

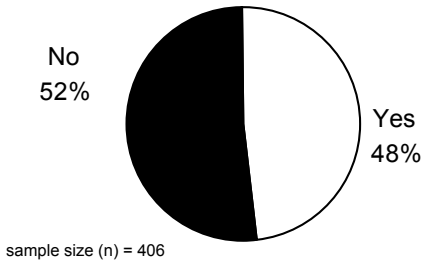
- Kentucky's low-income seniors report the highest median out-of-pocket health care expenses, a likely reflection of their poorer health status relative to higher income seniors and the proven disadvantage that those who lack health insurance to supplement Medicare experience.
- Those retirees in the second quartile shown here ($15,000-$29,999) shoulder medical costs that are, on average, 33 percent higher than those of seniors in the two highest income quartiles. Like working poor Kentuckians, these older Kentuckians likely cannot afford supplemental coverage and, for the most part, are ineligible for Medicaid.
- The poorest of Kentucky's elders see their already limited incomes severely eroded by health care expenses. For some, medical expenses are consuming almost 40 percent of their income.
- Older Kentuckians in the highest income quartiles also have medical expenses that are not insignificant, but low-income elders devote anywhere from 2 to 15 times as much of their income to medical expenses.
- Men, with the noted exception of those with incomes between $15,000 and $29,999, reported higher median monthly medical expenses than women.

Affordability of Medical Needs in Retirement

Our findings in Kentucky were prefigured at the national level by the AARP Public Policy Institute's 1999 projections for out-of-pocket health care spending. They illustrate the broad outline of circumstances that have subsequently worsened as the cost of health care coverage and goods and services, particularly prescription drugs which are critical to the treatment of chronic illnesses that often afflict older citizens, have sharply risen. AARP projected that, on average, medical expenses would consume 19 percent of the incomes of Medicare beneficiaries aged 65 and older. Those with incomes below 100 percent of the federal poverty level were expected to spend, on average, a third of their incomes on health care, findings that are comparable to ours.

Our follow-up to the question about how much current retirees spend out of pocket for health care simply asked retired Kentuckians if they could afford their medical needs.

Can Current Retirees Afford Medical Needs?



sample size (n) = 406

Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

Disproportionately poor, more than half of Kentucky's current retirees report that they cannot afford their medical needs.

- As illustrated, we found that a majority (52 percent) of Kentucky's current retirees report that they cannot afford their medical expenses. The high rates of poverty among Kentucky elders combined with mounting health care costs suggest that these circumstances are unlikely to improve and may worsen as medical costs rise.
- Approximately 48 percent of women said they could not afford their monthly medical expenses compared to 56 percent of all men. Thus, while men spend proportionately more of their income on their medical expenses they also are more likely to say they cannot afford them.
- Proportionately more married men, however, said they could not afford their medical needs than single men and women and married women.

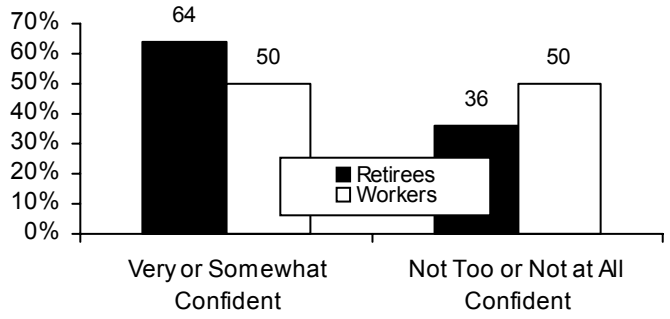
Confidence About Medicare Benefits

The uncertain future of Social Security and Medicare are by now widely known. As the largest generation in history approaches retirement, the long-range viability of the principal programs on which older Americans depend is of growing concern. The Social Security and Medicare Boards of Trustees reported in 2001 that costs for Medicare will begin to exceed the income that supports it just after 2015 and continue to rise steadily. By 2075, when today's toddlers are old, the Medicare cost rate will be three times its income rate.

About three quarters of our sample of Kentuckians aged 45 and older say that Medicare is or will be a major source of health care in retirement. Only 16 percent of our respondents say it is or will be only a minor source of health care. Since most Kentuckians plan to rely on Medicare in retirement, their confidence in the long-range fiscal health of Medicare is key to the perception and the reality of financial and health security.

The perceptions of current versus coming retirees about the future viability of Medicare differ markedly.

The Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today.



Source: Kentucky Long-Term Policy Research Center, UK Survey Research Center, and EBRI

- We found much higher levels of confidence about the future capacity of the Medicare system among current retirees. Still, more than a third of current retirees lack confidence. Boomers, on the other hand, are split evenly.
- The national retirement confidence survey shows that the confidence of U.S. workers in the Medicare system has grown throughout the 1990s; however, only 35 percent of workers nationally believe that Medicare will continue to provide equal benefits to future retirees, compared to 50 percent of Kentucky's Baby Boomer-age workers.
- About 17 percent of retirees and 9 percent of current workers say they are very confident that the current level of Medicare benefits will be sustained.
- Thus, Kentucky's current and coming retirees lack confidence in the very program on which about half rely or expect to rely as their *most important* source of health care in retirement.
- Irrespective of retirement status, single men and women are more likely to express confidence; married women are least likely to be confident.

Confidence About Health Care Affordability

Since many aging Kentuckians anticipate relying on Medicare but at the same time lack confidence in the program's capacity to provide for future health care needs, we asked Kentuckians to assess how confident they are about meeting their medical expenses in retirement. Their responses help us gauge how well workers are planning for this part of their retirement and how confident current retirees are in meeting these needs throughout retirement.

Source: Kentucky Long-Term Policy Research Center, UK Survey Research Center, and EBRI

Current and coming Kentucky retirees express essentially the same low levels of confidence about their abilities to meet medical expenses in retirement.

- When asked about their confidence in meeting their medical expenses in retirement, we found similarly low levels of confidence among both current and coming retirees.
- A majority of both indicate that they are either not too or not at all confident in their ability to meet the cost of their health care needs in retirement.
- Nationally, 69 percent of workers feel very or somewhat confident in their ability to meet their health care needs in retirement compared to 44 percent in Kentucky, a likely reflection of the lower wage scales and higher poverty rates found here.
- So, while Kentucky workers are relatively more confident in the Medicare system than their national counterparts, workers at the national level are more confident in their ability to meet their medical expenses in retirement.
- Only 32 percent of retired single women are confident they can meet medical expenses compared to 50 percent of married women, 48 percent of single men, and 46 percent of married men.

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The Fruits of Retirement: Health and Well-Being

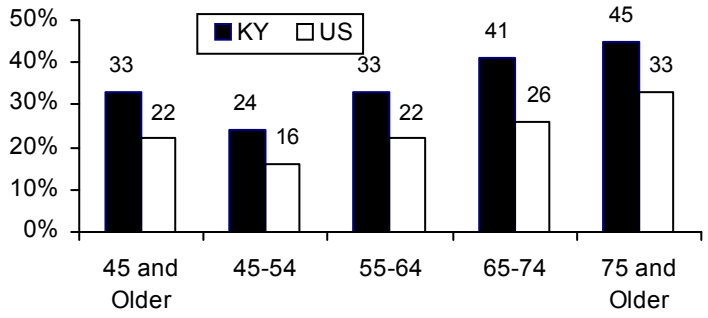
General Health Status

Self-assessed health, the reporting of health as excellent, very good, good, fair, or poor, is a summary measure that assesses physical, emotional, and social aspects of health and well-being. Self-reported health correlates highly with mortality. According to the National Center for Health Statistics (NCHS), research has also demonstrated that elderly persons who report their health as poor are at increased risk for physical declines, independent of the severity of other medical conditions.

The AARP, using this gauge of population health, finds that trends over time show greater proportions of older Americans reporting their health as "excellent" or "very good." Among those aged 50 to 64, the percentage increased from 46 percent in 1982 to 54 percent in 1999. For those aged 65 to 74, the percentage increased from 35 percent to 42 percent. However, smaller gains were made among older age groups. Approximately 33 percent of those aged 75 to 84 reported their own health as "excellent" or "very good" in 1982, compared to 35 percent in 1999. And for those aged 85 and older, this percentage declined over the same time period.

At all age levels, Kentuckians are more likely to rate their own health as "fair" or "poor" than the average American.

Percent of Persons Who Reported Own Health as "Fair" or "Poor," KY and US, 2000

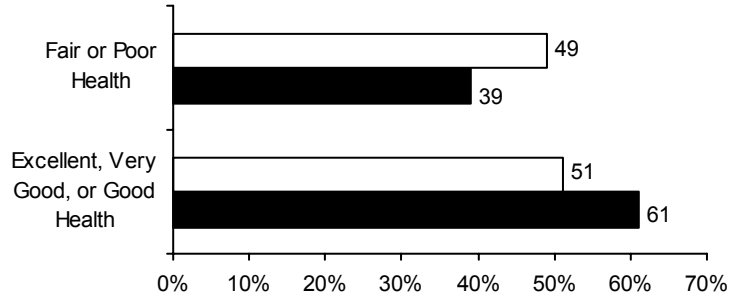


Source: Kentucky Long-Term Policy Research Center and Behavioral Risk Factor Surveillance System (BRFSS)

- Compared with the U.S., proportionately more Kentuckians aged 45 and older report their own health as "fair" or "poor."
- Similar patterns among the age groups are found among both men and women at both the state and national levels.
- Approximately the same proportion of men and women aged 45 and older in Kentucky report "fair" or "poor" health.
- Non-Hispanic whites in Kentucky are relatively healthier than minorities. Approximately 33 percent of non-Hispanic whites report their own health as "fair" or "poor" compared with 41 percent of minorities.
- It is important to note that not only do more of Kentucky's elders currently view themselves as less healthy than the average older U.S. citizen, but also that this trend permeates throughout all age groups, including the future and near old.

Health Status by Importance of Medicare

The health status of those retirees who view Medicare as their most important source of health care in retirement is another way to gauge the extent of dependence on the program and thus the ultimate cost of that dependence. A recent study showed that the response to a single question about general health status strongly predicts a person's subsequent use of health care services. In this study, researchers found that in the year after sample respondents assessed their own health as excellent, very good, good, fair, or poor, age- and sex-adjusted annual health care expenditures varied fivefold, from $8,743 for beneficiaries rating their health as poor to $1,656 for those rating their health as excellent (see Bierman et. al.). Using a probit model, we analyzed the relationship between a Kentucky retiree's reliance on Medicare as a source of health care in retirement and the likelihood that a person views his or her own health as poor, fair, good, very good, or excellent.



Source: The Kentucky Long-Term Policy Research Center and UK Survey Research Center

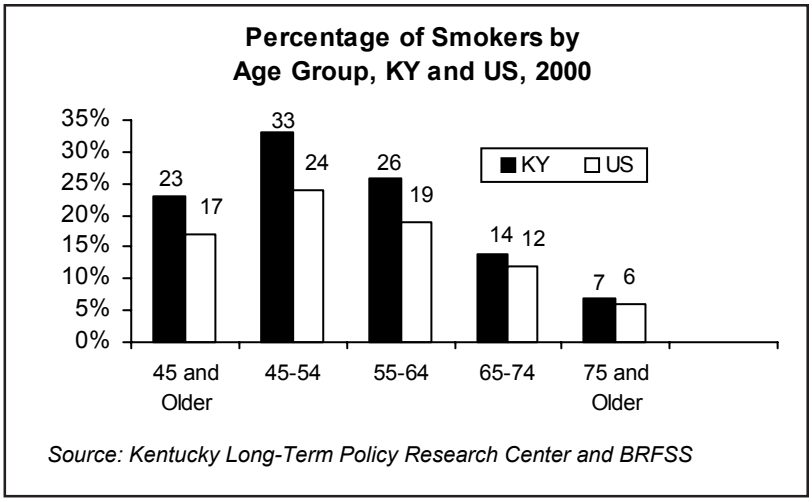
Those retirees most reliant on Medicare are more likely to rate their own health as "fair" or "poor."

- The results of the model show that those for whom Medicare is the most important source of health care in retirement are more likely to rate their own health as "fair" or "poor" than those with another source of health care.
- Those who indicated another source of health care, such as employer-sponsored health care, as their most important source of health care in retirement are more likely to assess their own health as excellent, very good, or good.

Smoking

Smoking is directly linked to an expanding range of serious health consequences, and while this message has been communicated to the American public over the course of decades, it has not resonated with Kentucky's disproportionately poor and undereducated population. Smoking rates tend to be higher among lower-income, less-educated Kentuckians, the most likely recipients of Medicaid now and in the future. Clearly, Kentuckians must become more aware and more responsive to the health consequences of smoking and their associated costs. At a rate of 31 percent, Kentucky ranked first among the states in the percentage of adult smokers 18 years and older in 2000. Moreover, Kentucky has the highest lung cancer death rate in the nation. Nearly 8,000 Kentuckians die each year due to tobacco-related illnesses. The health care costs attributable to smoking in Kentucky have been estimated to be as high as $1 billion a year, much of which is shouldered by public programs (see Miller et. al.). Kentucky's relatively high proportion of future elders compounded by relatively high smoking rates hold considerable implications for future health care spending.

Incidence of smoking declines with age, but smoking rates among Kentucky's Boomers and elderly continue to exceed national averages.

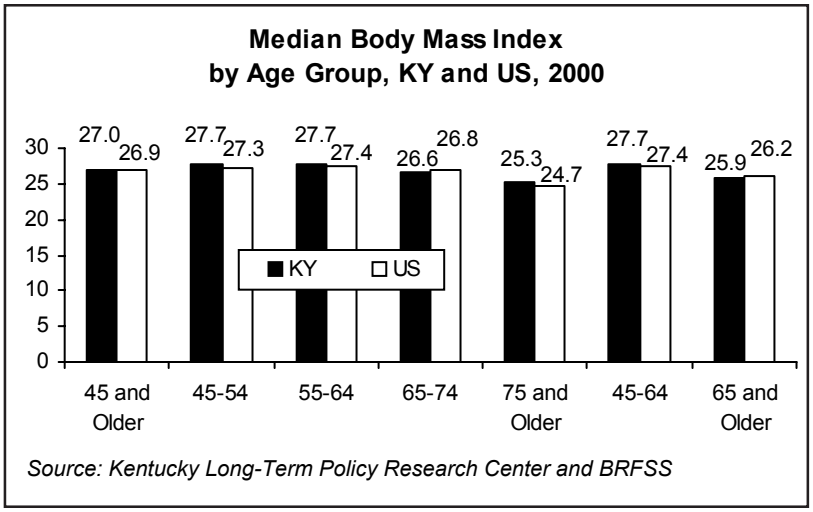


Source: Kentucky Long-Term Policy Research Center and BRFSS

- The percentage of smokers in Kentucky is higher than the national average among those aged 45 and older, although it is considerably smaller than the 31 percent estimated for the general adult population.
- This trend is seen among all age groups, although the gap between U.S. rates and those for Kentucky narrows considerably as age rises.
- The largest gap between the percentage of smokers in Kentucky and the U.S. average is found among the Baby Boomer generation, in which both percentages reach their peaks.
- While we see a high percentage of persons who smoke well into their mid-50s both in Kentucky and at the national level, Kentucky's proportion of smokers in this age group remains considerably larger.
- While encouraging declines are seen as individuals age, this may be at least partly attributable to the onset of poor health related to smoking.

Obesity and Body Mass Index

Some public health experts characterize obesity—defined as excessively high amounts of body fat in relation to lean body mass—in the United States as epidemic. And older Americans are not exempt from the effects of obesity. A recent study from the AARP found an 85 percent increase in the prevalence of obesity among Americans aged 50 and older between 1982 and 1999. Obesity increases the risk of serious illness, including high blood pressure, type 2 diabetes, coronary heart disease, congestive heart failure, stroke, gallstones, gout, osteoarthritis, sleep apnea, and some forms of cancer (e.g., breast, prostate, and colon). A body mass index of 30 or higher, which correlates with someone who is approximately 5'4" tall and 30 pounds overweight, indicates obesity. The Centers for Disease Control and Prevention (CDC) report a rising trend in the prevalence of obesity among Kentucky adults. The percent who are considered obese has increased steadily since 1985 from between 10 to 14 percent to approximately 20 percent or greater by 2000.



Source: Kentucky Long-Term Policy Research Center and BRFSS

Similar to national levels, over half of all older Kentuckians are overweight, with over one third of those classified as "obese" to "severely obese."

- Body mass index measures weight relative to height, with very high BMIs indicating obesity.
- Adults with BMIs between 20 and 24.9 are considered normal or healthy weight. Anything above this range is considered overweight or obese.
- The median BMI for all age groups, excluding those 75 and older, indicates an overweight population for both Kentucky and the nation, although Kentucky's median levels are slightly higher.
- In addition, more than half of both samples can be classified as overweight, obese, or severely obese, which puts them at higher risk of a variety of detrimental health conditions.
- While we may not be worse off than the rest of the nation, we can still expect to find a relatively unhealthy older population in general due to the occurrence of high median BMIs.

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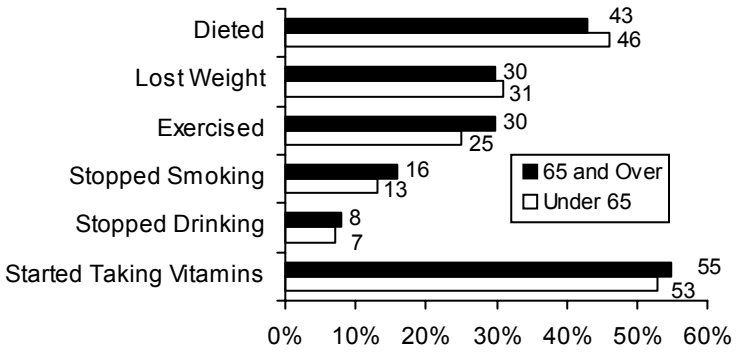
Lifestyle Changes and Health

An important way to counteract obesity and other risk factors leading to poor health is to make lifestyle changes or change unhealthy habits. According to the AARP, nationally fewer than one third of persons aged 50 and older are eating the recommended portions of fruits and vegetables, less than half are exercising or trying to increase their level of physical activity, and less than 20 percent are trying to lose weight by combining diet with increased physical activity.

To gauge the awareness among Kentucky's older population of how lifestyle affects health, we asked whether the respondents had made a variety of changes to improve health. We specifically asked if they had changed their diet, lost weight, started exercising, quit smoking, quit drinking, or started taking vitamins to improve their health during the five years prior to the survey. One caveat is that our question does not account for those who did not need to make these changes because they were already leading healthy lifestyles.

Approximately half or less of Kentucky's older population report having made key lifestyle changes in the previous five years to improve health.

Have you made any of the following lifestyle changes in the last 5 years to improve your health?



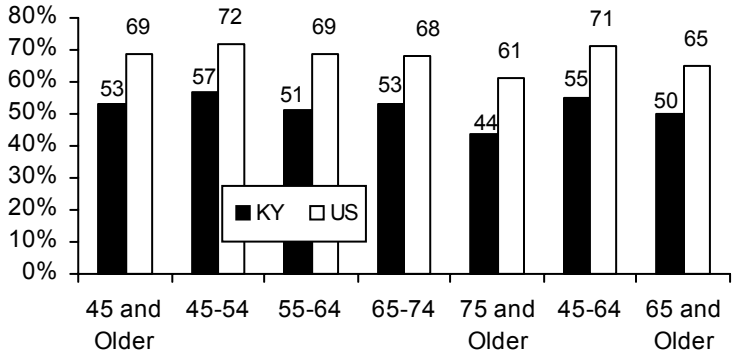
Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

- We can see that the percentage of persons responding that they had recently made these changes does not change much by age cohort of younger or older than age 65. The awareness levels are somewhat constant across these two age groups.
- If Kentucky wants future retirees to be relatively healthier than current retirees, this may indicate a need for heightened awareness of the effects of lifestyle choices on health.
- Although the saying "better late than never" may hold true in some circumstances, community and public health campaigns may want to emphasize a "better-earlier-than-later" attitude among our coming retirees to preempt poor health later in life that results from the unhealthy and avoidable choices many are making now.

Physical Activity and Health

An important element of a healthy lifestyle, exercise has been shown to decrease the risk of many chronic conditions, including arthritis and heart disease. Studies have shown that a sedentary lifestyle, which is defined as one that does not include at least 20 minutes of physical activity three times a week, can lead to serious health complications. Despite the fact that physical activity is associated with numerous health benefits, leisure-time physical activity trends in the past decade have remained unchanged, with approximately a quarter of U.S. adults meeting recommended levels of physical activity. In recent years, most experts have begun to recommend that people of all ages include a minimum of 30 minutes of physical activity of moderate intensity (such as brisk walking) on most, if not all, days of the week, with acknowledgment that even greater health benefits can be obtained through more vigorous intensity or longer duration of physical activity. Of interest to the older population, muscle-strengthening exercises can help reduce the risk of falling and fracturing bones, thereby improving the ability to live independently.

Percent of Persons Engaging in Physical Activity in Previous Month, KY and US, 2000



Source: Kentucky Long-Term Policy Research Center and BRFSS

Proportionately fewer older Kentuckians engage in physical activity than older citizens nationally.

- Kentuckians aged 45 and older do not fare well in comparison to their counterparts at the national level in the area of physical activity.
- Kentuckians 45 years old and older tend to be less physically active than those at the national level.
- According to estimates from a national survey, when respondents were asked if they had participated in any physical activities or exercise in the preceding month, approximately 53 percent of Kentuckians aged 45 and older said "yes" compared with 69 percent nationally.
- This pattern emerges for all age cohorts. The proportion of Kentuckians who engaged in physical activity in the month before the survey is smaller at every age level than national proportions.
- Only about half of each age group in Kentucky participated in any physical activities or exercise in the preceding month compared to approximately two thirds of older Americans nationally.

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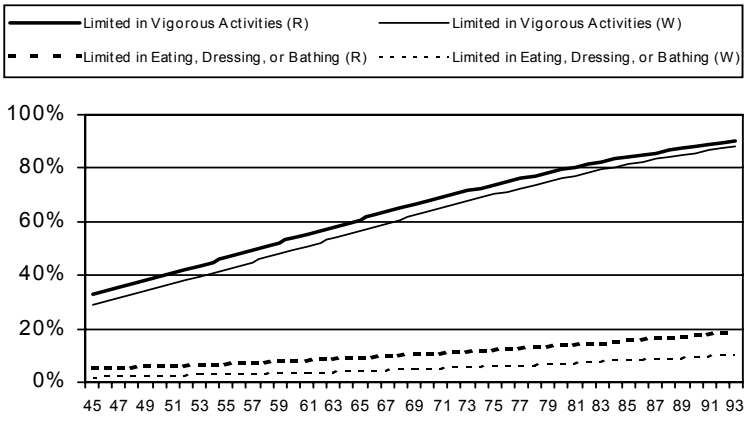
Physical Functioning

Limitations in various aspects of physical functioning affect the ability of elders to live independently. While it is well-known that declines in health accompany old age, what is less well-known is the extent of these declines. As expected, a greater proportion of older Kentuckians are limited in a variety of levels of physical functioning, ranging from vigorous exercises to everyday activities such as eating, dressing, and bathing, than are younger Kentuckians. Our survey also asked Kentuckians to indicate if they are physically limited in such things as pushing a vacuum, climbing a few flights of stairs, bending, lifting, stooping, or walking one block. The older the cohort examined, the greater the proportion of those Kentuckians who were limited in these activities. However, various other factors determine a person's health beyond the simple aging process. It has been suggested that each generation of elders is different and healthier than the one preceding it. It is expected that tomorrow's elders—today's Baby Boomers—are more likely to remain active and engaged, factors that have been associated with better health. Additionally, higher levels of education and income increase the likelihood of good health.

Members of Kentucky's Baby Boomer generation are less likely to be physically limited in their elder years than current Kentucky retirees.

Estimated Likelihoods of Physical Limitations of KY Retirees Compared to Workers, by Age, 2000



Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

- We used probit regression modeling to assess how age, gender, education, income, and urban or rural residence affect the likelihood of physical limitation.
- Using the means of these characteristics for retirees and workers, we were able to compare differences in the likelihood that a person from each of these populations would be physically limited at each age.
- The results show that although the likelihood of limitation increases with age, the likelihood for workers is lower than that of retirees for each age.
- Although only two types of physical functions are shown here, the comparative difference persists throughout all physical functioning levels analyzed (see Appendix F).
- In each of the models, income was statistically significant in determining the likelihood that someone would be physically limited. For all but limitations in vigorous activities, education was also a statistically significant determinant. That is, the higher the level of education and income, the less likely a person will be physically limited.
- Kentucky Baby Boomers are more educated and wealthier than retirees.

Leading Causes of Death

Healthy lifestyles and changes in population health status ultimately affect the prevalence of chronic diseases and resultant death rates. Today, nearly three out of four Americans die as a result of chronic illness. Although developed nations have made great strides in their efforts to prevent, manage, and treat a variety of health problems, for the past two decades heart disease and cancer have remained the leading causes of death for Americans aged 50 and over. Heart failure and malignant neoplasms or cancer cause more than half of all deaths for the U.S. population aged 45 and older. Other major causes of death for people over age 50 are stroke and diabetes.

Kentucky ranks high among the states in death rates caused by cancer, heart disease, stroke, and diabetes. Kentucky's cancer death rate for all ages in 2001 ranked eighth among the states, while it ranked seventh in deaths due to heart disease in 1998. For deaths due to cerebrovascular disease or stroke, Kentucky is near the median, ranking 25th among the states in 1998. In 1999, it ranked 13th among the states in deaths due to diabetes.

Causes of Death, KY and US, 1999
(age-specific rates per 100,000 population)

	45-54		55-64		65-74		75 and Older	
	KY	US	KY	US	KY	US	KY	US
Malignant Neoplasms	155	130	440	381	916	836	1603	1457
Heart Disease	120	98	338	274	905	710	3401	2929
Cerebrovascular Disease	17	16	45	41	164	132	899	763
Diabetes Mellitus	15	13	39	39	104	93	252	214
All Causes	466	427	1194	1022	2941	2484	9356	8239

Source: Kentucky Annual Vital Statistics Report, 1999, and National Vital Statistics Report

- As shown, Kentucky's death rates are higher than the U.S. average for all causes combined and for each major cause of death.
- The most pronounced differences between rates of death in Kentucky and at the national level are seen among Kentuckians who die of cancer (malignant neoplasms) and heart disease, both of which can be attributed to lifestyle choices.
- As Kentuckians age, we see widening disparities between death rates here and at the national level for both stroke (cerebrovascular disease) and diabetes.

Unhealthy lifestyle choices often lead to unnecessarily early losses of life and productivity for many older Kentuckians.

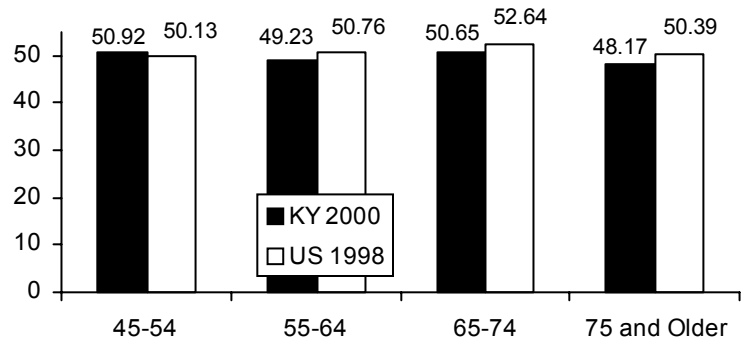
Mental Health

Quality of life is greatly affected by a person's mental status. At any age, happiness and peace of mind enrich quality of life. Nervousness and sadness detract from the overall quality of life of seniors in their retirement years. What's more, stereotypes of elderly behavior may prevent family members from detecting and thus seeking treatment for depression and other mental disorders that can severely erode quality of life. Depression is a common yet often overlooked disorder among the elderly. Suicide ranks among the 10 leading causes of death for Americans aged 50 to 64, and rates increase exponentially among aging men, with the highest rates among men aged 85 and older. Among women, rates decline past middle age.

In addition, Blazer found a link between depression and dementia. In fact, both appear to increase the risk of developing the other. The difficulty of caring for persons with these disorders also puts caregivers at risk of developing depression. Identifying and appropriately managing depressive symptoms should help to improve well-being, sustain physical and social activity, and reduce the need for residential care.

Poor mental health leads to lower quality of life in later years for the elderly and, in turn, adversely affects the health of their caretakers.

Average Mental Health Scores, KY and US, by Age Cohort



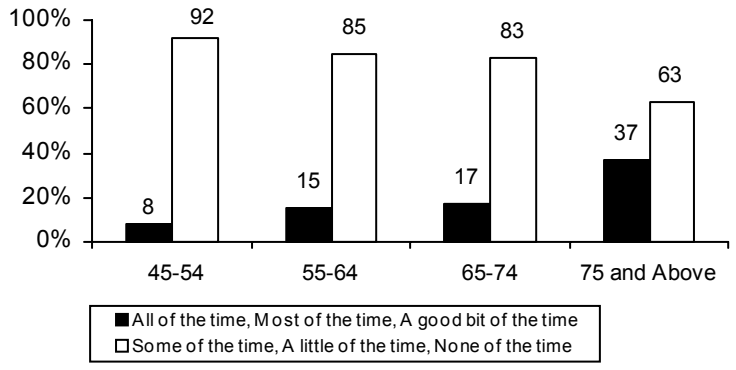
Source: Kentucky Long-Term Policy Research Center, UK Survey Research Center and Ware, Kosinski, and Dewey

- The national average mental health score for the general adult population was normalized to a mean of 50 and a standard deviation of 10. Anytime a scale score is below 50, the mental health status is below average, and each point is one tenth of a standard deviation.
- We do not find a statistically significant difference between average U.S. and Kentucky scores for those aged 45 and older.
- However, a slight downward trend was found in the scores as age rises, indicating poorer mental health among Kentucky's elderly.
- Approximately 74 percent of Kentuckians aged 45 and older reported that they felt happy, and 63 percent said they were calm and peaceful all of the time, most of the time, or a good bit of the time during the previous month.
- About 17 percent reported feeling nervous and 13 percent said they were blue, while about 6 percent felt so down in the dumps that nothing could cheer them up all of the time, most of the time, or a good bit of the time during the previous month.

Health and Social Activities

The more engaged older citizens remain as they age, the more healthy and the less dependent they are likely to be. A high level of interaction with friends and family offers seniors important emotional support and, in many cases, meets the care needs of seniors without formal health or elder-care services. Unfortunately, the ability to maintain social contacts is disrupted, as poor health begins to incapacitate individuals. A reciprocal relationship exists between health and social engagement. According to NCHS, while poor health may disrupt social activities, maintenance of social engagement has been shown to have a positive effect on overall health status and longevity.

Despite its considerable benefits, the numbers and types of social activities reported among older Americans declines with age. In 1995, for example, contact with family was the most common type of social activity among persons aged 70 and older. While women were more likely to talk on the phone and with neighbors than men, both genders reported comparable levels of social interaction. As expected, disabled persons were less likely to have left the house for a social engagement than nondisabled persons.



Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

Health limitations can lead to a loss of social contacts as individuals age.

- We found that health was likely to limit the social activities of older Kentuckians.
- Only about 8 percent of those aged 45 to 54 reported that their health had limited their social activities all of the time, most of the time, or a good bit of the time, compared to 37 percent of Kentuckians aged 75 and older.
- In an effort to keep older Kentuckians engaged on a social level, we should be aware of the physical limitations they face in maintaining social connections and take steps to bridge the resulting gaps.
- As a consequence of the loss of social interactions that result from declining health, some older citizens become more reliant on government services and formal health services than might otherwise be necessary.
- The development of community centers, transportation that caters to the needs of the disabled, and a higher level of awareness among community volunteers of these special needs are but a few of the ways in which we can begin to avoid some of the consequences of isolation among older citizens.

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Expectations of Government Among Aging Kentuckians

How Important Is Government Support?

The level of public support for programs that help bolster the crumbling fourth pillar of preparedness for retirement—health care—will ultimately determine whether we invest in expanded services. For now, important social priorities have been overshadowed by the larger concerns of terrorism, war, and a flagging economy. Nevertheless, polls show that Americans believe our health care system is ailing, and it is up to government to fix it. A March 2002 poll by Gallup found that 62 percent of Americans believe it is the responsibility of the federal government to ensure that all Americans have health care coverage. A National Public Radio/ Kaiser/Kennedy School poll reported in June 2002 also found wide public support for a prescription drug benefit for older citizens; nearly 60 percent of respondents from every age group voiced support for the benefit. Here in Kentucky, extending quality health care to all citizens has consistently ranked among the top three goals in citizen polls conducted by the Kentucky Long-Term Policy Research Center's Visioning Kentucky's Future project and consistently ranked last among 26 goals in terms of progress.

Substantial majorities of older Kentuckians believe government support for programs to assist seniors is very important.

"How important is government support for . . .?"			
	Very Important	**Somewhat Important**	**Not Very Important**
Medical care	86%	11%	2%
Prescription drug coverage	82	13	4
Long-term care or nursing home needs	70	26	4
Hands-on help with such things as transportation, housekeeping, and cooking	45	44	11
Assisted-living communities	48	40	12

Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

- As shown, the overwhelming majority of older Kentuckians view government support as "very important" for medical care, prescription drug coverage, and long-term care.
- The intensity of support wanes somewhat when it comes to less familiar services, such as those that help older citizens stay in their homes longer (hands-on help with such things as transportation, housekeeping, and cooking). Still, 89 percent of respondents view this service as important.
- A substantial majority of respondents (88 percent) also assign importance to government support for assisted living, for which we currently have no public support in Kentucky.
- Overall, current and coming retirees in Kentucky, a growing and potentially powerful constituency, believe that government support is important for each of these services to older citizens.

Government's Role in Health Care

As previously shown, substantial majorities of current and coming Kentucky retirees believe government support is important to medical care, including prescription drugs, for older citizens. In short, they strongly favor what is essentially our current system of publicly financed health care for older citizens and an expansion of such care to include prescription drug coverage. Today, Medicare provides health insurance to the vast majority (97 percent) of those aged 65 and older, according to the U.S. Census Bureau. Partly state-financed Medicaid provides supplemental coverage to poor elders and finances all or part of the long-term care expenses for the majority of nursing home residents. But the budget implications of what some call the coming Baby Boomer tsunami could force reductions in entitlements, increase taxes on working-age Americans, increase costs to elders, or some combination of these outcomes.

Here we disaggregate the responses of current and coming retirees about government support for health care for older Americans and confidence levels in its future.

Attitudes about Government's Role in Health Care, by Retirement Status, KY, 2000

	Retirees	Workers
I think government support is very important in providing medical care to older people.	87%	86%
I am very confident that the Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today.	17	9

Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

- As shown, nearly identical and substantial majorities of older Kentuckians view government's role in providing medical care for older citizens as very important.
- Conversely, few current or coming retirees express real confidence in the future capacity of the Medicare system's ability to continue providing benefits that equal those provided today.
- The lack of confidence expressed here suggests that most aging Kentuckians do not believe that the Medicare system is sustainable in its present form in spite of their strong support for an expansion of the program to include prescription drug benefits.
- While few current *or* coming retirees express confidence in the sustainability of current benefit levels, the percentage of current retirees who say they are confident of future benefit levels is nearly double that of Baby Boomers.

While both current and coming retirees believe government's role in health care for older citizens is key, neither group is confident about Medicare's future.

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Government's Role in Long-Term Care

Government plays a substantial role in long-term care. According to the Urban Institute, about 68 percent or two out of three nursing home residents depend, at least in part, on partially state-financed Medicaid to pay for at least some portion of their care. NCSL estimates that 35 percent of all Medicaid spending is on long-term care services, expenditures that are expected to double by 2018, as the first wave of Baby Boomers enter retirement and costs continue to rise. At present, about 80 percent of Medicaid spending for long-term care goes to institutional care, but a shift toward family-centered and community-based care, which some research suggests reduces overall costs, is underway. A recent Supreme Court ruling, the Olmstead decision, which appears to extend a greater choice of services to certain elders, may hasten the shift. As it is, according to NCSL, long-term care of the frail elderly is delivered mostly by family and friends (78 percent).

Here, we asked aging Kentuckians if they believe government support is important in providing long-term care and whether they believe income should be used to determine access to that care.

Older Kentuckians believe government support for long-term care is important, but they are divided on how eligibility should be determined.

Attitudes about Government's Role in Long-Term Care, by Retirement Status, KY, 2000

	Retirees	Workers
I think government support is very important in providing long-term care or nursing home needs to older people.	69%	70%
I strongly agree that financial need should be used to determine how much government support older people receive for long-term care.	54	53

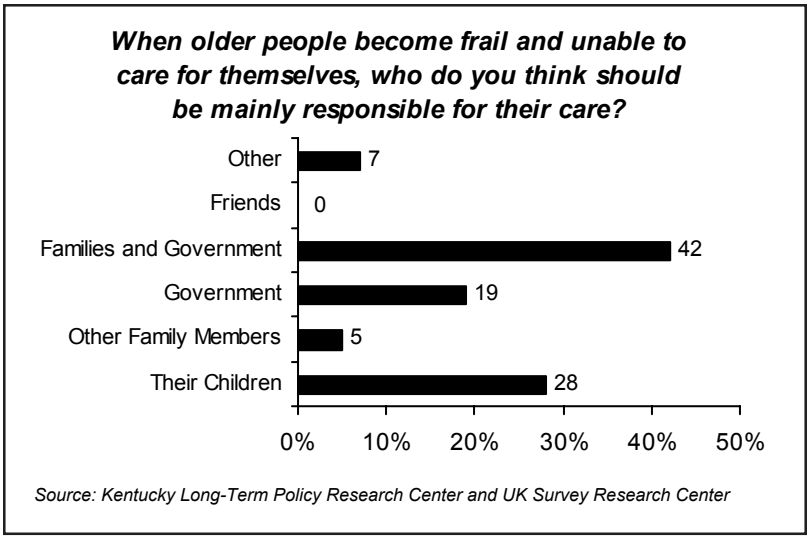
Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

- Again, we find little variance in the opinions of current and coming retirees about the importance of government support for long-term care or nursing home needs for frail elders. As shown, more than two thirds of both groups indicate that it is "very" important.
- Likewise, no real difference in the opinions of current and coming retirees is evident when they are asked if income or means testing should be used to determine how much public support frail elders receive for long-term care.
- A majority of respondents also express support for means testing, that is, basing benefits to the elderly on income, something current policies, in effect, already do.
- Nationally, among the 85-and-older age group, those most likely to be in nursing homes, the percentage who live in nursing homes declined sharply between 1990 and 2000, from 24.5 to 18.2 percent. Among all persons aged 65 and older, a slight decline also was seen, according to the U.S. Census Bureau. By 2000, only 4.5 percent lived in nursing homes compared to 5.1 percent in 1990. This decline is likely attributable to the improving functional capacity of older citizens, the growing reliance on home health, and the shift to home- and community-based care. Moreover, nursing home care is likely cost-prohibitive to many who are ineligible for Medicaid.

Responsibility for Frail Elders

The balance between personal and public responsibility has become a key consideration as policymakers eye a demographic future that could jeopardize federal entitlements to the elderly. The question of how much financial and caretaking responsibility families should assume for the care of frail elders lies at the heart of a debate that promises to intensify with each passing year. Already, policymakers have curtailed the ability of older citizens to shelter assets for their heirs, then tap Medicaid to meet long-term care costs.

Interestingly, our survey respondents express the weakest levels of support for government assistance with in-home caretaking responsibilities, a possible reflection of the family strength we have historically valued in Kentucky. Yet services such as these are designed to enable older citizens to stay in their own homes longer and complement the care given by friends and family members—providers of the most long-term care for the elderly. To learn more about how Kentuckians believe we should balance responsibilities between family and government, we asked current and coming retirees who should be mainly responsible for the care of frail elders.



Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

The largest percentage of respondents indicate that a combination of government and family support should provide care for frail elders.

- The highest percentage of respondents (42 percent) express support for a balanced approach to supporting frail elders, most often choosing the combination of government and family support in response to the question.
- When compared to government alone (19 percent), a larger percentage of our survey respondents (33 percent) felt that children (28 percent) or other family members (5 percent) should be mainly responsible for the care of frail elders.
- While Kentuckians favor combining government and family support to care for frail elders, the expectations of government will almost certainly rise with the population of older citizens. Thus, developing the capacity to assist families with caretaking responsibilities appears not only to be the path those who will be most affected prefer but also potentially the most cost-effective approach as well.

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Financial Need and Public Services for the Elderly

When demographers began warning policymakers about the budget implications of an impending surge of retirees dependent upon federal entitlement programs, the possibility of means testing even Social Security benefits became a topic of considerable public debate. As the first major expansion of Medicare benefits in the form of a prescription drug benefit appears likely, means testing is again central to the debate. Without change in the Social Security, Medicare, and Medicaid programs, warns the Congressional Budget Office, the nation faces the prospect of "steep tax increases, big cuts in other government spending, or large budget deficits."

At the heart of this issue and others to come is the central question of who should receive publicly financed benefits. Should all older Americans be entitled to medical care, regardless of their personal wealth? Or, alternatively, should we provide full benefits only to those who cannot otherwise afford them? We sought the opinion of aging Kentuckians, the key constituency on these issues, about whether financial need should be used to determine who gets Medicare, a prescription drug benefit, long-term care, and assistance with daily living.

Most older Kentuckians believe government support for the elderly—including Medicare—should be based on income.

"Financial need should be used to determine how much support older people receive from . . ."				
	Strongly Agree	**Agree Somewhat**	**Disagree Somewhat**	**Strongly Disagree**
Medicare	55%	25%	9%	12%
Prescription drug coverage	55	26	9	10
Long-term care	53	30	9	7
Hands-on help with such things as transportation, cooking, and housekeeping	42	39	11	8

Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

- A substantial majority of older Kentuckians agree that financial need should determine how much support older people receive from both current and proposed public programs, including Medicare, which, in its current form, is not means tested. As shown, about 80 percent of respondents agree somewhat or agree strongly with this statement in each category.
- Except in the case of hands-on help, a large majority of respondents strongly agree with means testing compared to only about 10 percent who strongly disagree with it, an attitude that may reflect the disproportionate poverty here and the relative importance older Kentuckians tend to place on family caretaking.
- Even in the case of hands-on help, less than 20 percent of older Kentuckians disagreed with the concept of using financial need to determine the level of public support.

Opinions on Financial Need, by Income Levels

Were benefits to older citizens based upon financial need, it would mark a dramatic policy shift away from entitlement based upon age. That older Kentuckians, on average, indicate strong support for basing a range of benefits to older citizens on financial need would, in theory, appear to reflect the relative poverty of our state. In 1990, Kentuckians aged 65 and older were far more likely to be poor than their counterparts at the national level; an estimated 20.6 percent lived below the poverty line compared with 12 percent nationally. By the close of the decade, poverty among elderly Kentuckians had declined sharply to a three-year average of 13.2 percent for 1998-2000, and the gap had narrowed considerably between Kentucky and the nation (10.1 percent).

Here, we analyzed responses to our series of questions about financial need in light of reported household incomes to determine whether income status influenced opinions. The opinions of older citizens are likely to become increasingly important on such issues as the fiscal pressure created by entitlement spending rises precipitously.

Percent of Respondents Who Express Strong Support for Using Financial Need to Determine Levels of Government Support for Older People, by Household Income

	$0-$14,999	$15,000-$29,999	$30,000-$49,999	$50,000 and Higher
Medicare	79%	73%	48%	29%
Prescription drug coverage	89	69	51	33
Long-term care	74	63	53	34
Hands-on help with such things as transportation, cooking, and housekeeping	61	44	40	31

Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

The more affluent Kentuckians are, the less likely they are to say government support for older citizens should be determined by need.

- While a substantial majority of older Kentuckians agree that financial need should determine how much public support older people receive, those with higher household incomes who would be least likely to qualify are also the least likely to agree.
- Conversely, those with the lowest incomes and therefore the greatest need are more likely to agree. Those in the lowest income quartile are, on average, 2.5 times more likely to agree that need should determine who gets benefits.
- Only about a third of those with annual household incomes of $50,000 or more agree that financial need should determine how much support older citizens receive. The lowest percentage (29 percent) expressed this belief about Medicare, which is presently extended to all older Americans, regardless of income.

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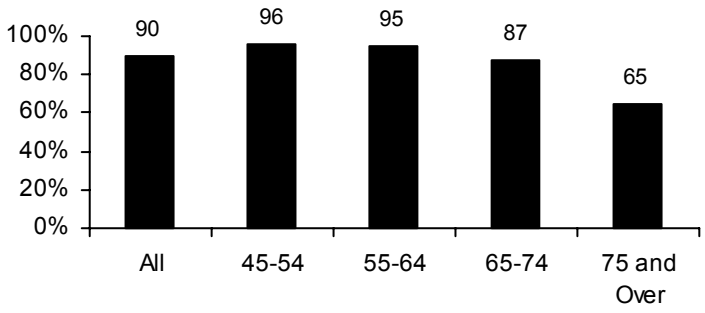
Other Factors Affecting Quality of Life

Driving and Mobility

The ability of older citizens to participate in the lives of their communities is vitally important. Thus, their ability to use and access transportation helps us to determine how successfully they can get needed goods and services and maintain social contacts that enhance quality of life. A recent survey by the AARP found that in addition to age, health and disability status (HDS) is an indicator of transportation mode use, problems, or personal mobility in those 50 and older. Among similar age groups, those with excellent HDS were more likely to have gone out on the previous day or in a typical week to drive or to walk regularly and less likely to be passengers in cars. Comparisons among age groups revealed that older persons who were less disabled than those in younger cohorts were more likely to be mobile. The survey results also found driving to be the most common mode of transportation, with ride sharing a close second, especially as age increases. However, for those most reliant on ride sharing, feelings of dependency and imposition on others can be an obstacle. To gauge how independently mobile older Kentuckians are, we asked if they had driven a car in the previous month.

Loss of independence occurs among older Kentuckians as mobility becomes limited.

Percent of Persons Who Have Driven a Car in the Last Month, by Age, KY, 2000



Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

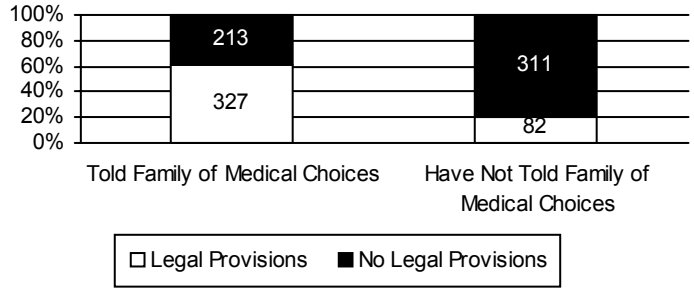
- A majority of the sample reports recent driving experiences. However, this declines to nearly two thirds of the sample of persons aged 75 and older.
- As the ability to drive declines, the more seniors rely on others to conduct basic activities such as buying groceries and visiting the doctor.
- Policies that address the link between poor HDS and mobility would include providing modes of transportation that would be more accommodating to those in need.
- One possible way government can assist elders with access to transportation, particularly in rural areas without public transportation, is to subsidize providers of transportation in communities.

End-of-Life Issues

As medical advances increase the health industry's ability to prolong life, many people survive in spite of severe incapacitation that prevents them from making decisions regarding their health and medical care. Every year, 2 million people die in America—80 percent in hospitals, hospices, or nursing homes. Chronic illness, such as cancer or heart disease, accounts for two of every three deaths. It is estimated that approximately 70 percent of these people die after a decision is made to forgo life-sustaining treatment.

In these situations, many believe that family and medical practitioners should be made aware of the wishes of the individual for whom decisions are being made and that legal provisions specifying desired medical courses of action should be made in advance. Such advance directives can be a living will, in which the person gives specific instructions, or a medical power of attorney, which names another person to make decisions on the person's behalf. We asked Kentuckians if they had made any choices concerning end-of-life decisions, legal or otherwise, and if they had shared these wishes with their families.

Plans Kentuckians Have Made Regarding Their Medical Choices Should They Become Unable to Make These Choices Themselves



Source: Kentucky Long-Term Policy Research Center and UK Survery Research Center.

About a third of Kentuckians aged 45 and older have neither informed their family nor made legal provisions regarding end-of-life medical choices.

- Of those who had informed their families of the medical choices they preferred, more than two thirds had made legal provisions regarding these wishes.
- Only approximately 20 percent of those who had not told their families of their choices had made legal provisions ensuring their implementation.
- Out of the entire sample, 311 respondents had neither told their families of their choices should they become unable to make them themselves nor had they made any legal provisions regarding what should be done in such an event.

Awareness of Available Elder-Care Services

For the family members, friends, and neighbors who provide most of the care for frail older citizens, the importance of public programs that lend support cannot be overstated. An unknown service, however, is of little benefit. To learn more about the level of awareness about services widely available to the elderly, we asked respondents to indicate how familiar they are with a range of public services that help alleviate financial and caregiving responsibilities.

As shown, we found that only small proportions of our respondents, in all likelihood those who are using or have used or inquired about these services, report being "very familiar" with them. The highest levels of familiarity were found with those programs that assist caregivers. Overall, these findings suggest a fairly low level of familiarity with elder-care services among precisely those individuals who are or will be most likely to need them in years to come.

Older Kentuckians have only a limited awareness of a range of services that lend caregiving and financial support.

Levels of Familiarity with Available Elder-Care Services, KY, 2000

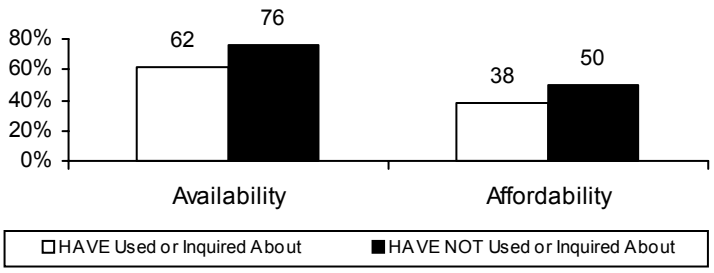
	Very Familiar	Somewhat Familiar	Not Too Familiar	Not at All Familiar
In-Home Services	9%	26%	21%	45%
Adult Day Care	4	14	21	61
Alzheimer's Respite	3	8	16	73
Long-Term Care Ombudsman	3	7	14	76
Personal Care Attendants	5	15	20	60
Senior Community Service Employment	3	8	21	69
Senior Health Insurance	2	4	16	78

Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

Satisfaction with Elder-Care Services

As our population ages, the needs of dependent frail elders are expected to tax society's resources and challenge its capacity to respond in new and creative ways. The lack of satisfaction many Americans with disabilities have expressed about the ways in which their needs are being met institutionally resulted in the Olmstead decision which appears to prohibit states from discriminating in the kind of care they provide people with disabilities—including frail elders. Citizens, this ruling concludes, have the right to care in their own homes and communities when appropriate and if the state has the resources, currently an obstacle of significant proportions for states. Increasingly, advocates of older persons are expected to continue pushing for alternatives to institutional care, namely home- and community-based services, to meet their care needs. We asked the general adult population aged 18 and older in Kentucky if they had ever used or inquired about any of the array of institutional and home- and community-based elder-care services and how satisfied they were with the availability and affordability of high-quality services in their communities.

Probability Kentuckians Aged 18 and Older Expressed Satisfaction with Elder-Care Services, by Experience, 2002



Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

Satisfaction with elder-care services diminishes among older Kentuckians as their experience with these services increases.

- At approximately 71 percent, a majority of Kentuckians say they are at least somewhat satisfied with the availability of high-quality elder-care services while fewer than half, approximately 46 percent, are satisfied with the affordability of services.
- However, only about one quarter of these respondents have actually used or inquired about these services, with most doing so on behalf of someone else.
- Based on the results of statistical regression analysis, the likelihood that a person is at least somewhat satisfied declines if he or she has actually used or inquired about elder-care services.
- Generally, as income and education levels rise, satisfaction declines.
- Older Kentuckians are more likely to be satisfied with both aspects of elder-care services in their community than those aged 64 or younger, possibly because of the growing number of adult children who must negotiate the cost and availability of these services.

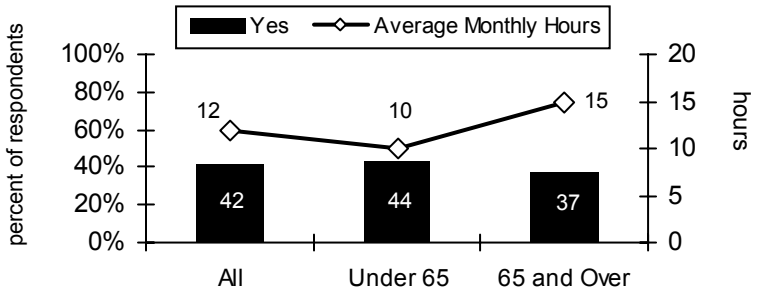
Volunteer Activity

Americans are known internationally for their community and national pride. This pride is often manifested in high levels of volunteerism. Since Baby Boomers constitute such a large segment of our society, the level of volunteerism among members of this age group could have a considerable impact on the well-being of our nation. Indeed, we ultimately may come to rely in part on the civic involvement of older citizens to help meet the needs of their generation if public resources should fall short.

In addition to the social benefits to be gained from the volunteerism of older citizens, King reports on studies demonstrating that volunteer activity itself can be a positive quality-of-life factor as individuals age, providing feelings of usefulness, mental challenge, and social integration. Volunteerism may also provide role continuity by replacing some of the labor force activity older citizens lose after retirement. Certain volunteer roles also provide opportunities for many frail elders to remain engaged despite physical disability.

Volunteerism among older Kentuckians is a positive social and personal force that enriches elders' lives and their communities.

Have you volunteered in the past year, and approximately how many hours did you volunteer in a typical month?



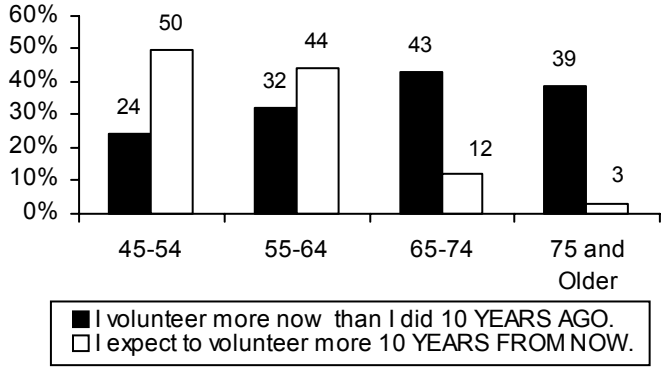
Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

- The results of our retirement survey show that more than 40 percent of Kentuckians 45 years old and older indicated volunteering an average of 12 hours per month in the previous year.
- A greater proportion of those aged 45 to 64 volunteered than those over age 65, but at a lower average monthly rate of 10 hours compared to 15 hours.
- Policymakers have a unique opportunity to draw on a resource that could help meet the needs of its citizens. By promoting and encouraging volunteerism among elders, society can help close gaps in services that are unmet by the private and public sectors, and, in the process, enrich the lives of those elders who receive and give.

Meeting Needs through Volunteerism

Across the country, organizations, agencies, and policymakers are beginning to explore the opportunities provided by our aging population. They are asking how they can attract and use this active and independent population to solve community problems. With a budget of $203 million, the principal federal vehicle for senior volunteerism is the National Senior Service Corps. Other organizations, such as the Retired Senior Volunteer Program, currently provide approximately 500,000 elder volunteers who contribute a collective 112 million hours, with a value estimated at $1 billion.

Americans are volunteering 20 percent more than they did 20 years ago, and seniors are responsible for nearly all of this increase. Like senior Americans, senior Kentuckians are eager to contribute their time and talents. However, it is difficult to detect whether this activity will continue as Baby Boomers enter this age group. To assess whether this contribution will be sustained or perhaps increased, we asked Kentuckians about past volunteer activity and their expectations for future civic involvement.



Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

Kentuckians volunteer routinely now and expect to volunteer more in their elder years.

- Our results indicate that the volunteer activity of the future elderly population will likely be similar to that of our current elderly population.
- Larger proportions of younger cohorts expect to volunteer more 10 years in the future than those from the cohort aged 65 and older.
- Compared with the older cohorts, smaller proportions of the younger cohorts, those younger than 65 years old, say they volunteer more now than they did 10 years ago.
- This pattern of answers indicates that younger Kentuckians expect to volunteer routinely in their later years and, therefore, replenish and expand through the sheer numbers of future retirees the amount of time volunteered.
- Those interested in taking full advantage of this volunteer pool may want to explore new methods of involving retirees by offering unique experiences, challenging positions, and greater flexibility to would-be volunteers.

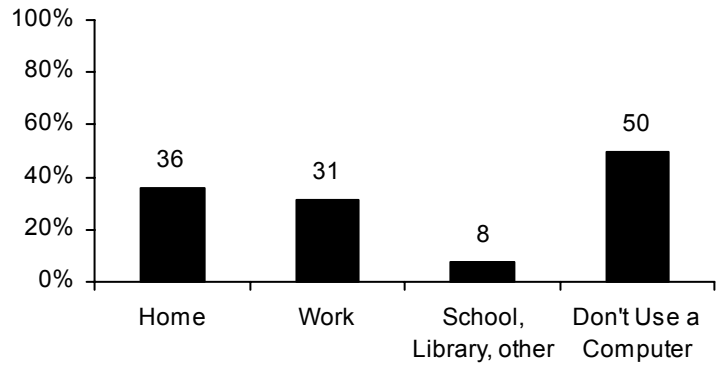
Access to Computers

The consensus on elders and information technology has been one of incompatibility. Indeed, computers were first marketed solely to the young due to these perceptions. While some evidence supports the view of current elders as technology averse, future elders will, in all likelihood, be computer literate. Some studies also suggest ways in which today's elders can be successfully introduced to information technology and an increasing receptivity to computer use among seniors. Although most seniors learn to use computers on their own, it has been observed that the best learning environments utilize senior instructors.

More intuitive application programs and interfaces of the early 1990s have spurred growth in the purchase of personal computers among all age groups. Between 1995 and 1998, surveys show that home computer ownership among those aged 55 and older rose from 29 percent to 40 percent. While these national results are encouraging, a digital divide still exists in Kentucky along the lines of age. The likelihood of having access to a home computer diminishes with age among Kentuckians, even while controlling for other factors such as income and education.

Although computer use among older Kentuckians lags that of Kentucky's general adult population, this proportion has grown steadily in recent years.

Where do you use a computer?



Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

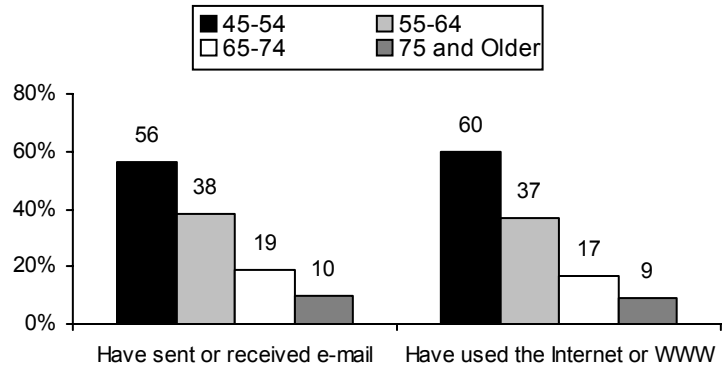
- More than a third of Kentuckians aged 45 and older have access to a computer in their home.
- This represents a slight increase from the 28 percent rate found for older Kentuckians in 1996.
- By comparison, among all Kentuckians aged 18 and older, 55 percent have access to a computer in their homes.
- Approximately half of older Kentuckians do not use a computer.
- As of September 2001, approximately 37 percent of Kentuckians aged 50 and older had access to a computer in their homes compared to 68 percent of those aged 25 to 49, 63 percent of those aged 18 to 24, and 95 percent of those aged 9 to 17.
- Lack of access to and use of a computer cuts seniors off from what is fast becoming a preferred communication tool, as well as valuable, useable information that can enrich and improve their lives.

Use of Internet and E-Mail

Like computer use, Internet and e-mail use also decline with age, but what elders lack in numbers they make up for in enthusiasm. Pastore reports that a 1999 study by Media Metrix found that as Americans aged 50 and older become more accustomed to the online medium, they begin to outpace their younger cohorts in the amount of time they spend online. Compared to 18- to 24-year-olds, they spend on average 6.3 more days per month on the Internet, stay logged on 235.7 minutes longer, and view 178.7 more unique pages per month.

According to Pastore, one study by the Pew Internet & American Life Project found that 52 percent of seniors aged 50 to 54, 43 percent of those aged 55 to 59, 34 percent of those aged 60 to 64, and 23 percent of those aged 65 to 69 are online. Although only 15 percent of Americans aged 65 and older go online, they avidly use the Internet to remain in contact with family, look up information on hobbies, seek financial information, read the news, and check weather reports. Most wired seniors are married men who are highly educated and enjoy relatively high retirement incomes. A large portion of online seniors said they were encouraged to go online by family members.

Internet and E-mail Use in Past Year by Kentuckians Aged 45 and Older, 2000



Source: Kentucky Long-Term Policy Research Center and UK Survey Research Center

Online activity declines with age, but recent national studies indicate an enthusiasm among today's seniors unmatched by younger users.

- Approximately 37 percent of Kentuckians aged 45 and older accessed the Internet during the previous year, compared with approximately 63 percent of Kentuckians aged 18 and older.
- Although senior Internet use lags behind that of the full population, we have seen an improvement over the 27 percent of Kentuckians aged 45 and older who reported having accessed the Internet in the previous year in 1998.
- As the data show, the proportion of those who use these forms of information technology declines with age.
- Connected and actively engaged elders are more likely to enjoy a higher quality of life, and the Internet and e-mail can be important tools in helping achieve these goals.
- Of interest to businesses, approximately one fifth of the older population is already making e-commerce purchases, and this proportion will likely grow as seniors increasingly embrace this technology.

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Appendix A

Planning for the Future

A Survey of Current and Coming Retirees in the Commonwealth

UNIVERSITY OF KENTUCKY
Sanders-Brown Center on Aging

and

THE KENTUCKY LONG-TERM POLICY RESEARCH CENTER

INSTRUCTIONS

This survey seeks information about the retirement plans *and* the retirement experiences of Kentuckians who were **born before January 1, 1955. If you were born after this date, please do not throw this survey away**. Please place a check mark (✓) in the space below and return this survey in the enclosed "Business Reply" envelope provided for your convenience. By doing so, you will help increase the accuracy of our findings.

____ I was born **after** January 1, 1955.

If you were born **before January 1, 1955**, please read the following instructions before you begin the survey. The survey should take about 20 minutes to complete.

About the Questions

→ **A "Q" appears before each question number, and we will refer to all questions in this way (Example: Q1=Question 1). Most questions will require you to circle a number next to the answer(s) you choose.**

→ **To respond to a question, circle the number before the answer of your choice. If the answer of your choice is not given, please write your answer in the space provided for other responses.**

Example: Q1. In what state were you born? ***(Please circle only one.)***

1. Maryland
2. Kentucky
3. California
4. Other ***(please specify)*** *Arizona*

→ **You may be asked to skip certain questions in this survey, depending on your answer to a question. You will see an arrow and instructions printed next to the answer that tell you what question to go to next. If there is no arrow next to your answer, go to the next question.**

Example: Q21. Do you currently wear a hearing aid?

1. Yes
2. No →***Go to Q30 on page 15***

Q22. How long have you been wearing a hearing aid?

1. Less than one year
2. More than one year

In this example, the person who answers "Yes" to Q21 simply goes to Q22, the next question. The person who answers "No" because he or she does not wear a hearing aid is sent to Q30 on page 15, skipping over questions about his or her use of a hearing aid.

→ **Questions may include information that explains the meaning of a particular word or phrase for the purposes of this survey. Questions also may include instructions, which will appear in bold type, about how to answer.**

Example: Q1. Who does your grocery shopping? Groceries can include food, household products, and over-the-counter medicines.
(Please circle all that apply.)
1. Myself
2. Spouse or partner
3. A friend or family member
4. A helper provided by outside service
5. Other ***(please specify)***_____

→ **Questions may ask you to indicate how strongly you feel about your response or the strength of your opinion about a series of statements. Please do not skip any of the statements or questions.**

Example: Q5. Please circle the number to the right of each statement that most closely reflects your opinion on how important you think each of the following neighborhood characteristics are to a sense of community?

	Very Important	**Somewhat Important**	**Not Very Important**
Neighbors you can trust.	(1)	2	3
Low crime rate.	(1)	2	3
Supportive institutions (such as community centers, hospitals, etc.)	1	2	(3)

→ **For all questions about your finances such as income, savings and/or expenses, include all relevant household finances. If you are married or have a partner with whom you share a household and joint, long-range personal and financial plans, include this person's income, savings or expenses in your estimates.**

THE KENTUCKY RETIREMENT SURVEY

Q1. In what year were you born? _____

Q2. Please circle the number that describes you best.

1. Employed full-time, not retired
2. Employed part-time, not retired
3. Self-employed, not retired → ***Go to Q13 on page 5***
4. Not employed, not retired
5. Retired, not employed
6. Retired, employed

If You Have Retired ...

Q3. At what **age** did you retire? _____ years

Q4. Did you:

1. retire earlier than you planned?
2. work longer than you planned? → ***Go to Q6 on page 4***
3. retire about when you planned? → ***Go to Q7 on page 4***

Q5. Why did you retire earlier than you planned? ***(Please circle all that apply and go to Q7 on page 4.)***

1. because you could afford to retire earlier than you planned
2. because of a health problem or a disability
3. because of changes at your company such as downsizing or closure
4. because of another work-related reason
5. because of family reasons
6. other ***(please specify)***_____

_____

_____

Q6. Why did you retire later than you planned? ***(Please circle all that apply.)***

1. because you needed the money
2. because you were given an incentive to stay
3. because of family reasons
4. because you enjoyed your job
5. because you needed to keep health insurance or other benefits
6. other ***(please specify***_____

_____

_____

Q7. Did you save money for your retirement while you were still working?

1. Yes
2. No

Q8. Compared to the end of your working career, would you say your current standard of living is:

1. much better now
2. better now
3. about the same
4. worse now
5. much worse now

Q9. Can you afford to pay for all your medical needs?

1. Yes
2. No

Q10. **Approximately** how much of your own money do you (and your spouse or partner) spend each month on all your health care needs, including health insurance premiums, prescriptions, medical tests, doctor visits, etc.? $_____

Q11. Did you move to Kentucky since your retirement?

1. Yes
2. No → ***Go to Q20 on Page 6***

Q12. Why did you move to Kentucky since your retirement?_____

_____

_____

Please go to Q20 on page 6.

If You Have Not Retired …

Q13. Realistically, at what **age** do you think you will retire?_____ years

Q14. Are you saving for retirement?
1. Yes
2. No

Q15. As of today, **about** how much money in total have you saved for your retirement? Please include any personal savings you and your spouse or partner have and the estimated value of any retirement accounts you may have, including those maintained by your employer/employers.

Please do NOT include Social Security.

1. None
2. Under $5,000
3. $5,000 to $9,999
4. $10,000 to $24,999
5. $25,000 to $49,999
6. $50,000 to $74,999
7. $75,000 to $99,999
8. $100,000 to $149,999
9. $150,000 to $249,999
10. $250,000 or more
11. Don't know

Q16. Do you currently have health insurance?
1. Yes
2. No

Q17. In what state do you plan to live when you retire?
1. Kentucky
2. Don't know ➔Go to Q20 on page 6
3. Other state (please specify) _____

Q18. In what state do you plan to retire? _____

Q19. Why do you plan to retire in a state other than Kentucky?_____

_____

_____

All Respondents ...

Q20. For each of the following sources of income **in retirement**, please indicate whether each are *or* will be **major sources of income**, **minor sources of income**, or **not a source of income** for you by circling the appropriate number. If you have a spouse or partner, please include their sources of retirement income too.

Type of Income	Major Sources of Income	Minor Sources of Income	Not a Source of Income
1) Money provided by an employer, like a pension or a retirement account.	1	2	3
2) Money you (and/or your spouse/partner) put into a retirement plan at work, such as a 401(k) plan.	1	2	3
3) Other personal savings, not in a work-related retirement plan. (e.g. personal savings account, IRA, etc.)	1	2	3
4) Social Security	1	2	3
5) Part-time or full-time employment	1	2	3
6) Support from your children or other family members	1	2	3
7) Money from the sale of your home or business.	1	2	3
8) Other government programs, such as SSI or Veteran's benefits	1	2	3
9) Other ***(please specify)*** _____ _____ _____	1	2	3

Q21. Of the sources of income listed in Q20 **[1-9]**, please circle the number of the one which is *or* which will be your **most important** source of income in retirement.

1 2 3 4 5 6 7 8 9

Q22. For each of the following sources of **health care in retirement**, please indicate whether each are *or* will be **major sources of health care**, **minor sources of health care**, or **not a source of health care** for you by circling the appropriate numbers. If you have a spouse or partner, please include their sources of health care.

Type of Health Care Coverage	Major Sources of Health Care	Minor Sources of Health Care	Not a Source of Health Care
1) Health care benefits provided by an employer	1	2	3
2) Medicare	1	2	3
3) Medicaid	1	2	3
4) Health insurance to supplement Medicare	1	2	3
5) Support from children or other family members	1	2	3
6) Care from charitable foundations	1	2	3
7) Insurance for long-term care or nursing home needs	1	2	3
8) Other ***(please specify)***_____ _____ _____	1	2	3

Q23. Of the sources of health care listed in Q22 **[1-8]**, please circle the number of the one which is *or* will be your **most important** source of health care in retirement.

1 2 3 4 5 6 7 8

Q24. Have you worked or do you see yourself working for pay in retirement in either a full-time or a part-time job?

1. Full-time
2. Part-time
3. No ➔Go to Q26 on page 8

Q25. Of the following possible reasons for working after retirement, please indicate which are *or* which will be **major reasons**, **minor reasons**, or **not a reason** for you by circling the appropriate numbers.

	Major Reasons	Minor Reasons	Not a Reason
To have money to make ends meet.	1	2	3
To have money to buy extras.	1	2	3
To try a different career.	1	2	3
You enjoyed working and wanted to stay involved.	1	2	3
To help support children or other household members.	1	2	3
To keep health insurance or other benefits.	1	2	3
Other (please specify) _____	1	2	3
_____			
_____			

About Government Programs and Services

Q26. Please circle the number to the right of each program that indicates how familiar you are with the following services available to older Kentuckians.

	Very Familiar	Somewhat Familiar	Not Too Familiar	Not at All Familiar
In-home Services	1	2	3	4
Adult Day	1	2	3	4
Alzheimer's Respite	1	2	3	4
Long-Term Care Ombudsman	1	2	3	4
Personal Care Attendants	1	2	3	4
Senior Citizen Centers	1	2	3	4
Senior Community Service Employment	1	2	3	4
Senior Health Insurance Counseling	1	2	3	4

Q27. Please circle the number to the right that most closely reflects how confident you are about **each** statement.

	Very Confident	Somewhat Confident	Not Too Confident	Not at All Confident
The Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today.	1	2	3	4
The Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today.	1	2	3	4
You invested or are investing your savings wisely.	1	2	3	4
You (and your spouse/partner) have or will have enough money to take care of your **medical expenses** in retirement.	1	2	3	4
You (and your spouse/partner) have or will have enough money to take care of your **basic expenses** during your retirement.	1	2	3	4
You (and your spouse/partner) have or will have enough money to support you in retirement, no matter how long you live.	1	2	3	4

Q28. Please circle the number to the right of each statement that most closely reflects how important you think government support is for the following types of assistance or services to older people.

	Very Important	Somewhat Important	Not Very Important
Income support	1	2	3
Medical care	1	2	3
Prescription drug coverage	1	2	3
Long-term care or nursing home needs	1	2	3
Hands-on help with such things as transportation, housekeeping & cooking.	1	2	3
Assisted-living communities	1	2	3

Q29. Please circle the number to the right that most closely reflects your opinion of the following statement as it is completed with each of the specific programs or services listed.

"Financial need should be used to determine how much government support older people receive:	**Strongly Agree**	**Somewhat Agree**	**Somewhat Disagree**	**Strongly Disagree**
… from Social Security."	1	2	3	4
… from Medicare."	1	2	3	4
… for prescription drug coverage."	1	2	3	4
… for long-term care."	1	2	3	4
… for hands-on help with such things as transportation, housekeeping, cooking, etc."	1	2	3	4

Q30. When older people become frail and unable to care for themselves, who do you think should be mainly responsible for their care? **(*Please circle only one.)***

1. Their children
2. Other members of their families
3. Government
4. Children or families with assistance (for this purpose) from the government
5. Friends
6. Other ***(please specify)*** _____

Q31. Have you told family members what medical choices to make on your behalf should you become unable to make them for yourself?

1. Yes
2. No

Q32. Have you made any of the following legal provisions? ***(Please circle all that apply.)***

1. A living will
2. Advanced directives
3. Durable power of attorney
4. None of the above

About Your Health

Q33. How would you describe your health in general?

1. Excellent
2. Very good
3. Good
4. Fair
5. Poor

Q34. The following questions are about activities you might do during a typical day. Please circle the number of the appropriate response indicating if your health now limits you in these activities and if so, how much?

Activities	Yes, I have been limited for more than 3 months	Yes, I have been limited for 3 months or less	No, I am limited at all
Vigorous activities, such as running, lifting heavy objects, or participating in strenuous sports	1	2	3
Moderate activities, such as moving a table, pushing a vacuum cleaner, bowling or playing golf	1	2	3
Walking uphill or climbing a few flights of stairs	1	2	3
Bending, lifting or stooping	1	2	3
Walking one block or a quarter of a mile	1	2	3
Eating, dressing, bathing or using the toilet	1	2	3
Working at a job, doing work around the house or going to school	1	2	3
Doing certain kinds or amounts of work, housework or schoolwork	1	2	3

Q35. How much bodily pain have you had during the past 4 weeks?

1. None
2. Very mild
3. Mild
4. Moderate
5. Severe

Q36. These questions are about how you feel and how things have been with you during the past month. For each question, please circle the **ONE** answer that comes closest to describing the way you have been feeling.

How much of the time during the past MONTH:	**All of the time**	**Most of the time**	**A good bit of the time**	**Some of the time**	**A little of the time**	**None of the time**
…has your health limited your social activities like visiting with friends or close relatives?	1	2	3	4	5	6
…have you been a very nervous person?	1	2	3	4	5	6
…have you felt calm and peaceful?	1	2	3	4	5	6
…have you felt downhearted and blue?	1	2	3	4	5	6
…have you been a happy person?	1	2	3	4	5	6
…have you felt so down in the dumps that nothing could cheer you up?	1	2	3	4	5	6

Q37. Please circle the number of the category indicating how TRUE or FALSE the following statements are for you?

	Definitely true	**Mostly true**	**Not sure**	**Mostly false**	**Definitely false**
I am somewhat ill.	1	2	3	4	5
I am as healthy as anybody I know.	1	2	3	4	5
My health is excellent.	1	2	3	4	5
I have been feeling bad lately.	1	2	3	4	5

Q38. Have you made any of the following changes in your lifestyle in the last 5 years to improve your health? ***(Please circle all that apply.)***

1. Changed your diet
2. Lost weight
3. Started to exercise regularly
4. Stopped drinking
5. Stopped smoking
6. Started taking vitamins, minerals and/or other supplements
7. Other ***(please specify)***

_____

_____

_____

Q39. What is your height? _____ ft._____ in.

Q40. What is your weight? _____ pounds

Q41. Do you engage in physical activity or exercise for at least 20 minutes three or more times a week?

1. Always
2. Sometimes
3. Seldom
4. Never

Q42. Have you smoked at least 100 cigarettes in your entire life?

1. Yes
2. No

Q43. Have you smoked any cigarettes in the past 30 days?

1. Yes
2. No

Background Information

Q44. Have you driven a car in the last month?
1. Yes
2. No

Q45. Where do you use a computer? ***(Please circle all that apply.)***
1. home
2. work
3. school
4. library
5. other ***(please specify)*** _____
6. Don't use a computer

Q46. Have you used the Internet or World Wide Web in the past year?
1. Yes
2. No

Q47. Have you sent or received electronic mail, also known as e-mail, in the past year?
1. Yes
2. No

Q48. How old are you now? _____ years

Q49. What is your gender?
1. Male
2. Female

Q50. What is your **current** marital status?
1. Married
2. Not married, but live with someone you consider your partner
3. Widowed
4. Separated
5. Divorced
6. Never married and do not live with a partner

→ ***Go to Q52 on page 15***

Q51. How would you rate the health of your spouse or partner?
1. Excellent
2. Very good
3. Good
4. Fair
5. Poor

Q52. Do you own your home or rent?
1. Own
2. Rent

Q53. How would you describe your home?
1. Single-family home
2. Apartment
3. Mobile Home
4. Duplex
5. Townhouse or condominium
6. Other ***(please specify)*** _____

Q54. How would you describe the community in which you live?
1. Rural area—farm
2. Rural area—non-farm
3. Small Town
4. Suburb
5. City

Q55. Which one of the following statements **best** describe how safe you feel in your community? ***(Please circle only one.)***
1. I always feel safe in my community.
2. I usually feel safe in my community.
3. I seldom feel safe in my community.
4. I never feel safe in my community.

Q56. In the past 12 months, have you volunteered any time for civic, community, charitable or nonprofit activities or church-related activities?
1. Yes
2. No → ***Go to Q59 on page 16***

Q57. Approximately how many hours did you volunteer in a typical month? ____hours

Q58. Did you spend less time, the same amount of time, or more time volunteering **10 years ago**?
1. Less
2. Same
3. More

Q59. **Ten years from now**, do you plan to spend less time, the same amount of time or more time volunteering?
1. Less
2. Same
3. More

Q60. How would you describe your racial or ethnic background? ***(Please circle all that apply.)***
1. White/Caucasian
2. African-American/Black
3. Hispanic/Latino
4. Asian or Pacific Islander
5. Some other race or ethnicity.

→ **Go to Q62 below**

Q61. What other race or ethnicity? ***(please specify)*** _____

Q62. What is your **current** zip code? _____

Q63. In what county do you **currently** live? _____

Q64. Where did you live on April 1, 1990? _____county _____state

Q65. Where did you live on April 1, 1995? _____ county _____state

Q66. In what state were you born? _____

Q67. Please circle the last grade in school you completed.

1. Grade school
2. Some high school
3. Graduated high school
4. GED
5. 1 or 2 years college, no degree
6. Graduated junior or community college
7. Vocational/technical degree
8. Bachelor's degree
9. Some graduate school work
10. Graduate degree (ex: MA, MS, PhD, JD)

Q68. How many other people depend on you, at least in part, for their financial support?

_____

Q69. Last year, what was your total household income from all sources before taxes?

1. None
2. less than $5,000
3. $5,000 to $7,499
4. $7,500 to $9,999
5. $10,000 to $12,499
6. $12,500 to $14,999
7. $15,000 to $19,999
8. $20,000 to $24,999
9. $25,000 to $29,999
10. $30,000 to $39,999
11. $40,000 to $49,999
12. $50,000 to $69,999
13. $70,000 to $89,999
14. $90,000 to $120,000
15. Over $120,000
16. Don't know

A small number of people will be selected for personal interviews to provide more detail about the experiences of Kentuckians who are already retired or are preparing for retirement. Would you be willing to participate in a series of personal interviews conducted in association with this study?

1. Yes
2. No → ***Please go to*** **"FINAL INSTRUCTIONS"**

If yes, please print your name, address, and telephone number below:

name: _____

address: _____

_____

telephone: _____

e-mail: _____

* Question numbers 4, 5, 6, 8, 13, 15, 20, 21, 24, 25, 27, 32 are a copyright of the 1999 Retirement Confidence Survey held by the Employee Benefit Research Institute (EBRI) and Mathew Greenwald & Associates (MGA), and the survey is used by permission. The Retirement Confidence Survey is co-sponsored by EBRI (www.ebri.org), the American Savings Education Council (www.asec.org), and Mathew Greenwald &Associates, Inc.

17

FINAL INSTRUCTIONS:

Please place your completed survey in the stamped "Business Reply" envelope enclosed for your convenience, seal the envelope, and mail it.

If you have any retirement concerns that are not addressed in this survey, please share these concerns with us in the space provided below:

Thank you very much for responding to this survey. Your time and effort will help Kentucky develop programs that are more responsive to the needs of current and future retirees in our state.

Appendix B

Kentucky Retirement Survey
Background Information and Sample Characteristics

In the Fall of 1999, the Administrative Office of the Courts generated, from voter registration and driver's license lists, a random sample of Kentuckians born before January 1, 1955. Included in the sample were the names and addresses of 2,500 persons aged 45 and older. The University of Kentucky Survey Research Center administered a 17-page, 69-question survey to these 2,500 individuals between February 1 and February 4, 2000. The survey closed on May 12, 2000, with 962 total completions included in the data. Among the responses, 313 were considered ineligible for various reasons, and 1,225 recipients did not answer the survey. The response rate was 44.4 percent (962 divided by 2,187). Table B.1 shows some sample characteristics.

TABLE B.1
Kentuckians, Aged 45 and Older, Sample Characteristics

	Variable	Frequency
AGE	Ages 45 to 55 years old	364
	Ages 56 to 65 years old	286
	Ages 66 to 75 years old	190
	Ages 75 years and older	100
	Ages 65 years and older	290
	Frequency Missing	22
RETIREMENT STATUS	Retired	431
	Not Retired	517
	Frequency Missing	14
GENDER	Female	494
	Male	454
	Frequency Missing	14
RACE	Black, African-American	38
	Hispanic, Latino	4
	White	893
	Other	9
	Frequency Missing	20
TOTAL HOUSEHOLD INCOME, 1999	Less than $15,000	182
	$15,000 to $30,000	229
	$30,001 to $50,000	191
	More than $50,000	275
	Frequency Missing	85
EDUCATION	Less Than High School	208
	High School Degree or Equivalent	339
	Some Postsecondary Education	219
	Bachelor's Degree or Better	185
	Frequency Missing	11
REGION	West	152
	South Central	151
	East	182
	Urban Triangle	465
	Frequency Missing	12

Appendix C

Social Security Dependence and Standards of Living

Model Specification

The estimated percentages shown on page 13 are based on the effect of Social Security dependence on standard of living while holding constant a number of other socioeconomic and demographic factors. (See Table C.1 for a crosstabulation between standard of living and "dependence" on Social Security.) We used a cumulative logit model for ordinal responses to estimate the relationship between the dependent variable and several independent variables. The dependent variable is the respondent's self-assessment of their current standard of living. The actual question is: *Compared to the end of your working career, would you say your current standard of living is: (1) much better now; (2) better now; (3) about the same; (4) worse now; or (5) much worse now.* We collapsed the dependent variable into three categories so that "worse" or "much worse" equals one, "about the same" equals two, and "better" or "much better" equals three. The independent variables in the model are listed below, along with parameter estimates in Table C.2 and a correlation matrix in Table C.3:

TABLE C.1
Crosstabulation Between Standard of Living and Social Security Dependence
(frequency, total percent, row percent, column percent)

		Social Security is Major Source of Retirement Income		
		No	Yes	Total
Standard of Living Now Compared to End of Working Career	Worse	38 10.0 38.0 18.2	62 16.3 62.0 36.3	100 26.3
	Same	121 31.8 54.8 57.9	100 26.3 45.3 58.5	221 58.2
	Better	50 13.2 84.8 23.9	9 2.4 15.3 5.3	59 15.5
	Total	209 55.0	171 45.0	380 100.0

- METROCO — This dichotomous variable is equal to 1 if the individual lives in an urban county and 0 for a rural county. We used Beale Codes to categorize the respondent's county. If the county is designated as "0" through "3" then METROCO equals 1. Otherwise, if the Beale Code is equal to 4 through 9 then METROCO equals 0.
- AFRDMED — The question is: *Can you afford to pay for all your medical needs?* This variable equals 0 for "no" and 1 for "yes."
- GENDER — This dichotomous variable is equal to 1 for males and 0 for females.
- Q2INC, Q3INC, Q4INC, MISINC — These dichotomous variables reflect if the individual's total household income from all sources before taxes is in the second, third, fourth quartile, or missing. The first quartile is left out of the model and is therefore the comparison group. The variable equals 1 if the individual's income falls in the quartile (or is missing in the case of MISINC) and 0 if it does not. The variable Q1INC equals 1 if income is between "none" and $14,999. The variable Q2INC equals 1 if income is between $15,000 and $29,999. The variable Q3INC equals 1 if income is between $30,000 and $49,999. The variable Q4NC equals 1 if income is $50,000 or higher.
- SOMEPSE — The survey respondents were asked to *please circle the last grade in school you completed.* SOMEPSE equals 1 if they circled "1 or 2 years college, no degree," "graduated junior or community college," or "vocational/technical degree."

- BAorMORE — The survey respondents were asked to *please circle the last grade in school you completed*. If they circled "bachelor's degree," "some graduate school work," or "graduate degree (ex: MA, MS, PhD, JD)" then BAorMORE equals 1.
- OVER65 — If the respondent is over 65 years old, then OVER65 equals 1 (otherwise equals 0).
- SSMAJ — The respondents were asked which source of income is or will be their most important source of income in retirement. If they indicated "Social Security," then SSMAJ equals 1. Otherwise, if they listed another source, like pensions, employment, or savings, then SSMAJ equals 0.

TABLE C.2
Estimating Standard of Living, Parameter Estimates

Variable	Parameter Estimate	Standard Error	Chi-Square	Pr > ChiSq
METROCO	0.266	.219	1.471	0.225
AFRDMED	0.789	.239	10.886	0.001
GENDER	-0.137	.223	0.376	0.540
Q2INC	0.796	.298	7.119	0.008
Q3INC	1.031	.395	6.793	0.009
Q4INC	1.371	.412	11.098	0.001
MISINC	1.632	.444	13.492	0.000
SOMEPSE	-0.098	.309	0.099	0.752
BAorMORE	-0.229	.458	0.249	0.618
OVER65	0.597	.227	6.929	0.009
SSMAJ	-0.740	.251	8.682	0.003

Table C.3
Correlation Matrix
Pearson Correlation Coefficients / Significance / Number of Observations

	SOL	METROCO	AFRDMED	GENDER	Q2INC	Q3INC	Q4INC	MISINC	SOMEPSE	BAORMORE	OVER65	SSMAJ
SOL	1.000 . 411	—	—	—	—	—	—	—	—	—	—	—
METROCO	.106 0.033 406	1.000 . 950	—	—	—	—	—	—	—	—	—	—
AFRDMED	0.306 .0001 401	0.125 0.0127 400	1.000 . 406	—	—	—	—	—	—	—	—	—
GENDER	-.005 0.923 406	0.0142 0.664 938	-0.082 0.1002 401	1.000 . 948	—	—	—	—	—	—	—	—
Q2INC	-.028 0.569 411	-0.0314 0.334 950	0.0276 0.579 406	0.026 0.4255 948	1.000 . 962	—	—	—	—	—	—	—
Q3INC	0.116 0.019 411	0.044 0.178 950	0.1518 0.002 406	0.000 0.9989 948	-0.278 .0001 962	1.000 . 962	—	—	—	—	—	—
Q4INC	0.180 0.0003 411	0.133 .0001 950	0.170 0.0006 406	0.092 0.0045 948	-0.354 .0001 962	-.315 .0001 962	1.000 . 962	—	—	—	—	—
MISINC	0.097 0.051 411	-0.0798 0.0138 950	-0.041 0.4127 406	-0.032 0.3239 948	-0.174 .0001 962	-0.155 .0001 962	-0.197 .0001 962	1.000 . 962	—	—	—	—
SOMEPSE	0.108 0.029 405	0.036 0.264 944	0.117 0.0188 400	0.003 0.9180 939	-0.101 0.0017 951	0.021 0.5256 951	0.189 .0001 951	-0.027 0.4125 951	1.000 . 951	—	—	—
BAORMORE	0.094 0.058 405	0.0983 0.0025 944	0.0787 0.116 400	-0.0429 0.1885 939	-0.128 .0001 951	0.020 0.5469 951	0.256 .0001 951	-0.024 0.4558 951	-0.157 .0001 951	1.000 . 951	—	—
OVER65	0.134 0.007 402	-0.009 0.771 930	0.0929 0.064 397	0.066 0.0428 939	0.093 0.0043 940	-0.082 0.0117 940	-.225 .0001 940	0.085 0.009 940	-0.027 0.4130 931	-0.034 0.3001 931	1.000 . 940	—
SSMAJ	-.287 .0001 380	-0.083 0.014 891	-.233 .0001 377	-0.046 0.1704 893	0.121 0.0003 901	-0.054 0.1074 901	-0.311 .0001 901	0.004 0.9035 901	-0.119 0.0004 895	-0.204 .0001 895	0.117 0.0005 889	1.000 . 901

Appendix D

Satisfaction with Elder-Care Services

The data shown on pages 52 and 53 were garnered from questions commissioned by the Kentucky Long-Term Policy Research Center and included in the Fall 2001 Kentucky Survey of the general adult population. The survey is conducted by the University of Kentucky Survey Research Center. Kentucky households were selected for this survey using random-digit dialing, a procedure giving every residential telephone line in Kentucky an equal probability of being called. Calls were made between February 21 and March 22, 2002. The sample includes noninstitutionalized Kentuckians aged 18 and older. Of the 2,589 calls made, 1,037 interviews were completed, yielding a response rate of 40.1 percent. The margin of error is approximately ±3 percentage points at the 95 percent confidence level. Table D.1 shows some sample characteristics.

TABLE D.1
Sample Characteristics for the Fall 2001 Kentucky Survey

	Variable	Frequency	Percent
AGE	Ages 18 to 34 years old	249	24%
	Ages 35 to 45 years old	259	25
	Ages 46 to 57 years old	265	26
	Ages 57 and Older	258	25
	Ages 64 and Younger	884	85
	Ages 65 and Older	153	15
GENDER	Female	644	62
	Male	393	38
RACE	White	959	93
	Black, African-American	50	5
	Hispanic	5	0.48
	Other Race	17	2
TOTAL HOUSEHOLD INCOME, ANNUAL	Less than $25,000	266	26
	$25,000 to $40,000	182	18
	$40,000 to $70,000	226	22
	More than $70,000	177	17
	Frequency Missing	186	18
EDUCATION	Less than High School	146	14
	High School Diploma or Equivalent	379	37
	Some Postsecondary Education	251	24
	Bachelor's Degree or Higher	257	25
REGION	West	165	16
	South Central	210	20
	East	190	18
	Urban Triangle	468	45

All respondents were asked about their satisfaction with the availability and affordability of high-quality elder-care services in their communities regardless of whether they had personally used or sought information about these services for themselves or someone else. Tables D.2 and D.3 show the crosstabulation between the satisfaction levels and personal use. These tables reveal that although the majority of the sample had no personal experience with elder-care services in their communities, many were still able to express satisfaction levels regarding their availability and affordability. Approximately two thirds of those with no personal experience expressed an opinion of satisfaction with both aspects of services. All sample respondents who

chose "don't know" or "refuse to answer" were excluded from the analytical results presented in this report, the majority of which were those with no personal experience with elder-care services. Approximately a quarter of the total sample chose these answers when asked about either aspect of elder-care services.

TABLE D.2
Crosstabulation Between Satisfaction with AVAILABILITY of Elder-Care Services and Occurrence of Use or Inquiry into These Services
(frequency, total percent, row percent, column percent)

		Have you personally ever used or inquired about elder-care services for yourself or someone else?			
		Yes, for myself	**Yes, for someone else**	**No**	**Total**
How would you describe your level of satisfaction with the AVAILABILITY of high-quality elder-care services in your community?	**Extremely Satisfied**	9 0.87 7.96 33.33	32 3.09 28.32 13.50	72 6.95 63.72 9.33	113 10.91
	Somewhat Satisfied	11 1.06 2.25 40.74	103 9.94 23.62 43.46	322 31.08 73.85 41.71	436 42.08
	Somewhat Dissatisfied	3 0.29 2.05 1.11	49 4.73 33.56 20.68	94 9.07 64.38 12.18	146 14.09
	Extremely Dissatisfied	4 0.39 5.00 14.81	41 3.96 51.25 17.30	35 3.38 43.75 4.53	80 7.72
	Don't Know	0	12 1.16 4.69 5.06	244 23.55 95.31 31.61	256 24.71
	Refuse To Answer	0	0	5 0.48 100.00 0.65	5 0.48
	Total	27 2.61	237 22.88	772 74.52	1036 100.0

TABLE D.3
Crosstabulation Between Satisfaction with AFFORDABILITY of Elder-Care Services and Occurrence of Use or Inquiry Into These Services
(frequency, total percent, row percent, column percent)

		Have you personally ever used or inquired about elder-care services for yourself or someone else?			
		Yes, for myself	**Yes, for someone else**	**No**	**Total**
How would you describe your level of satisfaction with the AFFORDABILITY of high-quality elder-care services in your community?	**Extremely Satisfied**	2 0.19 3.77 7.41	10 0.97 18.87 4.22	41 3.96 77.36 5.31	53 5.12
	Somewhat Satisfied	13 1.25 4.33 48.15	69 6.66 23.00 29.11	218 21.04 72.67 28.24	300 28.96
	Somewhat Dissatisfied	4 0.39 1.80 14.81	64 6.18 28.83 27.00	154 14.86 69.37 19.95	222 21.43
	Extremely Dissatisfied	7 0.68 3.78 25.93	78 7.53 42.16 32.91	100 9.65 54.05 12.95	185 17.86
	Don't Know	0	16 1.54 5.88 6.75	256 24.71 94.12 33.16	272 26.25
	Refuse To Answer	1 0.10 25.00 3.70	0	3 0.29 75.00 0.39	4 0.39
	Total	27 2.61	237 22.88	772 74.52	1036 100.0

Model Specification

The estimated percentages presented here are based on the effect of each factor on the level of satisfaction with the availability and affordability of services *while holding the other socioeconomic and demographic factors constant*. We used a multivariate probit model to estimate the relationship between the dependent variables and several independent variables. The dependent variable in the first model is the respondent's self-assessment of his or her satisfaction with the *availability* of elder-care services, while the second model focused on the *affordability* aspect. The actual questions are: *Would you describe yourself as a) extremely satisfied, b) somewhat satisfied, c) somewhat dissatisfied, or d) extremely dissatisfied with the 1) AVAILABILITY and 2) AFFORDABILITY of high-quality elder-care services in your community?* The question was asked twice, the first question asked about availability and the second question asked about affordability and choices "a" through "d" are the possible answers to each question. Those who answered "don't know" or "refuse to answer" were excluded from the sample. We collapsed the dependent variables into two categories so that "extremely satisfied" or "somewhat satisfied" with the availability or affordability of elder-care services equals one and "somewhat dissatisfied" or "extremely dissatisfied" with the availability and affordability of elder-care services equals zero. The independent variables are listed below:

- ELDSERVE — This dichotomous variable equals 1 if the respondent has used or inquired about elder-care services for himself or herself or someone else. Otherwise the variable equals 0.
- HSGRAD — The survey respondents were asked to *please circle the last grade in school you completed*. HSGRAD equals 1 if they circled "graduated high school" or "GED." Otherwise the variable equals zero.
- SOMEPSE — The survey respondents were asked to *please circle the last grade in school you completed*. SOMEPSE equals 1 if they circled "1 or 2 years college, no degree," "graduated junior or community college," "vocational/technical degree," or "3 or 4 years of college, no degree." Otherwise the variable equals zero.
- BAORMORE — The survey respondents were asked to *please circle the last grade in school you completed*. BAORMORE equals 1 if they circled "Bachelor's degree," "Some graduate school work," or "Graduate degree (ex: MA, MS, Ph.D., JD)." Otherwise the variable equals zero. The comparison group includes all those individuals with educational attainment levels less than a high school diploma or equivalent.
- URBAN — This dichotomous variable is equal to 1 if the individual lives in an urban county and 0 for a rural county.
- OVER65 — This dichotomous variable is equal to 1 if the individual is 65 years old or older and 0 if the individual is 64 years old or younger.
- BTWN2540, BTWN4070, GT70K, MISINC — These dichotomous variables reflect if the individual's annual household income from all sources before taxes is in the second, third, or fourth quartile. The first quartile is left out of the model and is therefore the comparison group. It includes individuals with yearly household incomes less than $25,000. The variable equals 1 if the individual's income falls in the quartile (or is missing in the case of MISINC) and 0 if it does not. The variable BTWN2540 is 1 if the individual's income is between $25,000 and $40,000. The variable BTWN4070 is equal to 1 if the individual's income is between $40,000 and $70,000. The variable GT70K is equal to 1 if the individual's income is greater than $70,000. The variable MISINC is equal to 1 if the individual's income is missing.
- MALE — This dichotomous variable is equal to 1 for males and 0 for females.
- WHITE — This dichotomous variable is equal to 1 if the individual is white, non-Hispanic and equal to 0 otherwise.

Model Results

Two probit models were used to estimate the relationship between the independent variables and the likelihood that an individual would be "extremely satisfied" or "somewhat satisfied" with the availability and affordability of elder-care services in his or her community. Table D.4 presents the parameter estimates for each model.

The two models predicting satisfaction with availability and affordability of elder-care services were relatively equivalent in their explanatory power. The likelihood ratio (LR) statistics for the models were highly significant at the 0.01 level, thus rejecting the hypothesis that all the estimated coefficients of the independent variables in these models were equal to zero. Thus, the independent variables were jointly significant in explaining individual satisfaction levels with each aspect of high-quality elder-care services in his or her community. The goodness-of-fit measures were also equivalent at approximately 0.07 for each model. We found a slightly higher predictability level for the model explaining satisfaction with the availability of elder-care services, however. The first model predicted approximately 71 percent of the dependent variables correctly, while the model of affordability predicted approximately 58 percent correctly.

TABLE D.4
Probit Model Parameter Estimates of the Likelihood an individual Expresses Satisfaction with Elder-Care Services, by Availability and Affordability

	AVAILABILITY	AFFORDABILITY
Number of Observations	765	751
INTERCEPT	-0.64***	-0.25
	(0.24)	(0.23)
ELDSERVE	-0.41***	-0.30***
	(0.10)	(0.10)
HSGRAD	-0.07	-0.25*
	(0.16)	(0.14)
SOMEPSE	-0.40**	-0.49***
	(0.17)	(0.16)
BAORMORE	-0.32*	-0.42***
	(0.18)	(0.17)
URBAN	0.18*	0.24**
	(0.10)	(0.10)
OVER65	0.29**	0.31**
	(0.15)	(0.13)
BTWN2540	-0.19	-0.16
	(0.15)	(0.15)
BTWN4070	-0.06	-0.01
	(0.18)	(0.14)
GT70K	-0.07	-0.29*
	(0.18)	(0.17)
MISINC	0.14	-0.03
	(0.17)	(0.15)
MALE	0.10	0.07
	(0.11)	(0.48)
WHITE	0.14	-0.04
	(0.20)	(0.19)
R-Square	0.07	0.07
LR Statistic	41.19***	42.43***
% Predicted Correctly	71.4	57.8

****indicates significance at the 1 percent level, **indicates significance at the 5 percent level, and *indicates significance at the 10 percent level*

Note: Standard errors in parentheses

Appendix E

Medicare Dependence and Health Status

Model Specification

The estimated percentages shown on page 31 are based on the relationship between Medicare dependence and health status of Kentucky retirees while holding a number of other socioeconomic and demographic factors constant. (See Table E.1 for a crosstabulation between standard of living and "dependence" on Social Security.) We used a probit model to estimate the relationship between the dependent variable and several independent variables. The dependent variable is the respondent's self-assessment of his or her overall health status. The actual question is: *"How would you describe your health in general?": (1) excellent; (2) very good; (3) good; (4) fair; or (5) poor.* We collapsed the dependent variable into two categories so that "fair" or "poor" equals one and "excellent," "very good," or "good" equals zero. The independent variables in the model are listed below, along with parameter estimates in Table E.2 and a correlation matrix in Table C.3:

TABLE E.1
Crosstabulation Between Health Status and Medicare Dependence
(frequency, total percent, row percent, column percent)

		Medicare Is Most Important Source of Retirement Health Care		
		No	Yes	Total
General Health Status	Fair or Poor	124 28.9 53.5 58.2	108 25.2 46.6 50.0	232 54.08
	Excellent, Very Good, or Good	89 20.8 45.2 41.8	108 25.2 54.8 50.0	197 45.9
	Total	213 49.7	216 50.4	429 100.0

- METROCO — This dichotomous variable is equal to 1 if the individual lives in an urban county and 0 for a rural county. We used Beale Codes to categorize the respondent's county. If the county is designated as "0" through "3" then METROCO equals 1. Otherwise, if the Beale Code is equal to 4 through 9 then METROCO equals 0.
- MEDMAJ — This variable equals 1 if Medicare is the most important source of health care in retirement and 0 otherwise.
- GENDER — This dichotomous variable is equal to 1 for males and 0 for females.
- Q2INC, Q3INC, Q4INC, MISINC — These dichotomous variables reflect if the individual's total household income from all sources before taxes is in the second, third, fourth quartile, or missing. The first quartile is left out of the model and is therefore the comparison group. The variable equals 1 if the individual's income falls in the quartile (or is missing in the case of MISINC) and 0 if it does not. The variable Q1INC equals 1 if income is between "none" and $14,999. The variable Q2INC equals 1 if income is between $15,000 and $29,999. The variable Q3INC equals 1 if income is between $30,000 and $49,999. The variable Q4INC equals 1 if income is $50,000 or higher.
- SOMEPSE — The survey respondents were asked to *please circle the last grade in school you completed.* SOMEPSE equals 1 if they circled "1 or 2 years college, no degree," "graduated junior or community college," or "vocational/technical degree."
- BAorMORE — The survey respondents were asked to *please circle the last grade in school you completed.* If they circled "bachelor's degree," "some graduate school work," or "graduate degree (ex: MA, MS, PhD, JD)" then BAorMORE equals 1.

- AGED 45-54, AGED 55-64, and AGED 65-74 — Dichotomous variables that equal 1 if the respondent is aged 45 to 54, 55 to 64, and 65 to 74, respectively, and 0 otherwise. The reference group are those respondents aged 75 and older.
- CURRSMKR — A dichotomous variable that equals 1 if the respondent has smoked at least 100 cigarettes in his or her lifetime AND has smoked in the last 30 days, and 0 otherwise.

TABLE E.2
Estimating Health Status of Retirees, Parameter Estimates
(n=409)

Variable	Parameter Estimate	Standard Error	Chi-Square	Pr > ChiSq
METROCO	-0.660	0.134	24.182	<.001
MEDMAJ	0.243	0.142	2.9396	0.087
GENDER	0.320	0.138	5.360	0.021
Q2INC	-0.405	0.174	5.409	0.020
Q3INC	-0.908	0.239	14.451	0.001
Q4INC	-0.780	0.250	9.768	0.002
MISINC	-0.309	0.245	1.586	0.208
SOMEPSE	-0.536	0.179	0.090	0.765
BA or MORE	-0.268	0.228	1.380	0.240
AGE 45-54	0.045	0.292	0.023	0.879
AGE 55-64	-0.069	0.199	0.120	0.729
AGE 65-74	-0.254	0.170	2.219	0.136
CURRSMKR	0.083	0.174	0.224	0.636

Appendix F

Physical Functioning Models

Model Specification

The estimated likelihoods shown on page 36 are based on the relationship between limitations in physical functioning and gender, age, race, ethnicity, marital status, education, income and location of residence in an urban or rural area. We use probit models to estimate the relationship between limitations in six categories of physical functioning and these socioeconomic and demographic characteristics. Six dependent variables equal 1 if a person has been limited for greater than three months or less than three months and 0 if the person is not limited at all in each of the six categories of physical functions described. To see the actual question used to generate these variables please refer to Appendix A, question 34. The six different categories of physical functioning range from the most vigorous activities such as running, lifting heavy objects, or participating in strenuous sports to the most basic activities of eating, dressing, bathing, or using the toilet. These are the only two categories of physical functioning shown in the figure on page 36. The independent variables in the model are listed below, along with parameter estimates in Table F.1:

- GENDER — This dichotomous variable is equal to 1 for males and 0 for females.
- LESSHS, HSGRAD, SOMEPSE, BAORMORE — The survey respondents were asked to *please circle the last grade in school you completed*. LESSHS equals 1 if they circled "grade school" or "some high school." HSGRAD is the reference group and refers to those individuals that circled "graduated high school" or "GED." SOMEPSE equal 1 if they circled "1 or 2 years college, no degree," "graduated junior or community college," or "vocational/technical degree." BAORMORE equals 1 if they circled "Bachelor's degree," "some graduate school work," or "graduate degree (ex: MA, MS, PhD, JD).
- Q1INC, Q2INC, Q3INC, Q4INC, MISINC — These dichotomous variables reflect if the individual's total household income from all sources before taxes is in the first, second, third, or fourth quartile, or missing, respectively. The first quartile is left out of the model and is therefore the comparison group. The variable equals 1 if the individual's income falls in the quartile (or is missing in the case of MISINC) and 0 if it does not. The first quartile are those persons with total household incomes below $15,000, the second quartile incomes fall between $15,000 and $29,999, the third quartile incomes fall between $30,000 and $49,999, and the fourth quartile incomes are those $50,000 or higher.
- AGED — This is a continuous variable that represents the person's age.
- WHITE — This dichotomous variable equals 1 if a person is white and non-Hispanic and it equals 0 otherwise.
- MARRIED — This dichotomous variable equals 1 if a person is married and it equals 0 otherwise.
- METROCO — This dichotomous variable is equal to 1 if the individual lives in an urban county and 0 otherwise. We used Beale Codes to categorize the respondent's county. If the county is designated as "0" through "3" then METROCO equals 1. Otherwise, if the Beale Code is equal to 4 through 9 then METROCO equals 0.

The next stage of this analysis involved comparing two groups from our sample—the retired respondents and the nonretired respondents. To do this we estimated the means for each of these two groups for all the independent variables used in the models, except age. Table F.1 lists the means for the two different groups. The nonretired group has higher incomes, as expected, but also higher educational attainment levels, on average. These two characteristics have been shown repeatedly by researchers to affect health outcomes significantly. These means were used to estimate the likelihood the "typical" retiree would be limited in each of the physical functioning categories at each age compared to the likelihood the "typical" nonretiree would be limited at each age. Although not shown here, for each of the categories analyzed, the likelihood that a retiree would be limited was greater at each age than the likelihood of a nonretired Kentuckian regardless of the physical functioning category. As can be seen in Table F.1, many of the same independent variables, namely education and income, are statistically significant and have the same signs in the other four categories of physical functioning as in the two shown in the text. These results suggest that we may see better health statuses in the area of physical functioning among coming retirees in their later years than those that are typical of current Kentucky retirees.

TABLE F.1
Means of Demographic Characteristics for Nonretired and Retired Kentuckians and Parameter Estimates of the Likelihood of Limitations in Six Categories of Physical Functioning of Kentucky's Aging Population, 2000

Independent Variables	Not Retired	Retired	Vigorous Activities	Moderate Activities	Climbing Stairs	Bending, Lifting, Stooping	Walking One Block	Eating, Dressing, Bathing
GENDER	0.42	0.55	0.00 (0.98)	-0.04 (0.68)	0.03 (0.78)	-0.11 (0.28)	0.11 (0.32)	0.09 (0.52)
LESSHS	0.13	0.32	0.09 (0.50)	0.35 (0.01)	0.40 (0.00)	0.33 (0.02)	0.52 (0.00)	0.44 (0.01)
HSGRAD	0.38	0.33	N/A	N/A	N/A	N/A	N/A	N/A
SOMEPSE	0.26	0.19	0.0 (0.54)	0.22 (0.11)	0.16 (0.24)	0.08 (0.55)	0.18 (0.20)	0.41 (0.03)
BAORMORE	0.23	0.16	-0.08 (0.55)	-0.07 (0.68)	-0.23 (0.16)	-0.25 (0.12)	-0.34 (0.07)	-0.49 (0.13)
Q1INC	0.11	0.28	N/A	N/A	N/A	N/A	N/A	N/A
Q2INC	0.18	0.31	-0.16 (0.30)	-0.40 (0.01)	-0.28 (0.06)	-0.40 (0.01)	-0.34 (0.03)	-0.38 (0.03)
Q3INC	0.24	0.15	-0.22 (0.18)	-0.68 (0.00)	-0.49 (0.00)	-0.71 (<0.0001)	-0.77 (<0.0001)	-1.39 (<0.0001)
Q4INC	0.40	0.16	-0.38 (0.03)	-0.82 (<0.0001)	-0.85 (<0.0001)	-0.90 (<0.0001)	-0.76 (<0.0001)	-0.75 (0.00)
MISINC	0.07	0.10	-0.21 (0.30)	-0.33 (0.10)	-0.41 (0.04)	-0.37 (0.06)	-0.35 (0.10)	-0.56 (0.04)
AGE	54.17	68.26	0.04 (<0.0001)	0.03 (<0.0001)	0.02 (<0.0001)	0.02 (<0.0001)	0.02 (<0.0001)	0.02 (0.01)
WHITE	0.95	0.95	0.01 (0.95)	-0.34 (0.13)	-0.42 (0.06)	-0.15 (0.53)	-0.27 (0.27)	-0.48 (0.09)
MARRIED	0.76	0.69	-0.10 (0.39)	-0.19 (0.11)	-0.18 (0.13)	-0.02 (0.85)	-0.19 (0.14)	-0.28 (0.08)
METROCO	0.50	0.49	-0.22 (0.02)	-0.11 (0.27)	-0.11 (0.26)	-0.12 (0.23)	-0.06 (0.55)	-0.19 (0.16)

Note: Pr > Chisq in parentheses.

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